

Handwritten text at the top of the page, possibly a date or reference.

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

IRAN
How history judges the revolution
Page 17

No.30,757

Tuesday January 31 1989

D 8523A

World News Business Summary

Judge lets Reagan subpoena stand

The judge in the Iran-Contra court case ruled that US President George Bush will not have to testify at the trial of former White House aide Oliver North in the Iran-Contra case. Judge Gerhard Gesell refused to overturn the subpoena issued to President Ronald Reagan. Background, Page 18

Leading UK accountants open office in Moscow

ERNST & Whinney has become the first Western accountancy firm to set up an office in Moscow since the Bolshevik revolution in 1917. New joint venture with Vnesheconombank, a Soviet management consultancy, opened its doors last week. Page 18

West Berlin shocked by right-wing election success

By Leslie Collin in Berlin

WEST BERLIN was shocked and angered yesterday after the election of an ultra-nationalist party, the Republicans, to the city legislature for the first time since 1948. A 7.5 per cent protest vote for the Republicans meant that two of their members would also become the first right wing extremists to be represented in the West German Bundestag (parliament) since the 1950s.

Chancellor Helmut Kohl said the result was a "clear warning signal for all of us." Speaking in Bonn after a meeting of his Christian Democratic party, he warned that West Germany's international reputation would suffer.

Young demonstrators carrying signs recalling Adolf Hitler's takeover in Berlin on January 30 1933, protested in the centre of the city against the far-right party.

blamed the liberal reception accorded to Third World asylum-seekers. But Mr Heiner Gelseler, CDU's Secretary General, replied that "xenophobia" could not be the answer to the Republicans. "A country which lives from foreign trade," Mr Gelseler warned, "cannot become hostile to foreigners."



Security guards surround Franz Schönhuber, leader of the right-wing Republican Party, in West Berlin yesterday

Shia peace accord

Leaders of Lebanon's Amal and Hizbullah Shia militias signed a peace agreement ending more than a year's fighting. Page 6

Cocoa



Failure of International Cocoa Organisation talks last week had little impact on market. Cocoa talks collapse. Page 20

Black party leader

The final challenger in the race for the chairmanship of the US Democratic party bowed out, clearing the way for Washington lawyer Ronald Brown to become the first black to lead a US political party.

EUROPEAN Commission

Capacity use last year reached the highest level since 1974, with output equivalent to 77 per cent of installed capacity. Steel industry employment fell by 5.5 per cent during the year. Page 18

Kabul siege goes on

The leader of one of Afghanistan's Moslem rebel groups said guerrilla forces would continue their siege tactics after the Soviet troop withdrawal from Kabul. In order to avoid a civilian bloodbath. Chaos deepens. Page 8

NATIONALE-Niederlande

biggest Dutch insurance company, is buying Southland Life Insurance for \$400m in cash from American Brands. US tobacco and consumer products group. Page 19

'Civil war' fear

Yugoslav Communist Party president Slobodan Milosevic told the party Central Committee of fears that the country could face a "fratricidal war" if nationalist rivalries were not overcome. Page 19

MB Group, UK packaging

printing and central heating equipment concerns. Leasing showed at meeting of warrant holders - called in connection with plans to merge its packaging business with Carnaud of France - despite possibility that Elders Investments will block proposals being put to investors. Page 19

Solidarity protest dies

A radical pro-Solidarity protest, Father Stanislaw Szlachetka, was found dead in the north-eastern Polish city of Bialystok, apparently asphyxiated by a fire at his home. He was the second president put to die in Poland in the past 10 days. Reform plans. Page 2

POLAROID, beleaguered US

photographic company which has been fighting off \$2.8bn takeover bid from Shamrock Partners, announced \$1.1bn share repurchase programme and \$300m white-knight investment from a New York fund management group. Page 21

US environment call

US Secretary of State James Baker called for immediate steps to counter an apparent warning in the earth's environment, including a reduction in aerosol spray emissions.

TEXACO, third-largest US oil

company, saw its stock tumble sharply as disappointed takeover speculators dumped several million of the company's shares on the market. Page 19

Hungary cuts army

Hungary became the latest Warsaw Pact country to announce army reductions, with a planned 9 per cent cut in army numbers and other economies in 1989-90. Page 2

SINGER sewing machine's name

will pass to Hong Kong businessmen under US\$25m deal in which SSMC of the US is taken over by Semi-Tech Microelectronics (Far East), computer and trading company. Page 23

Canadian reshuffle

Canadian Prime Minister Brian Mulroney appointed new ministers for energy, defence and the Treasury Board in a cabinet reshuffle. Page 3

ALAN Bond's Australian Bond

corporation said it had no intention of raising its buy-out offer for minority stakes in its Hong Kong subsidiary, despite HK\$3.6bn (US\$462m) rival bid by HKE Properties. Page 23

'Gas man' held

Italian police arrested the head of a Swiss company wanted in the US for the alleged illegal export to Jordan of a substance used to produce poison gas.

DOW Chemical, second-ranking

US chemicals group, made record quarterly earnings in the three months to December. They rose 80 per cent to \$685m. Page 21

11 die in SA blaze

Eleven workers were killed and nine injured in a fire at a synthetic fuel plant, 100km east of Johannesburg, S Africa.

Kuwait will retain investment policy despite furore over BP

By Victor Mallet in Kuwait

KUWAIT will not be deterred by the recent uproar over its purchase of a large stake in British Petroleum from taking similar investment opportunities in the future, according to Sheikh Ali Khalifa al-Sabah, the Oil Minister and board member of the Kuwait Investment Authority.

Kuwait officials had been outraged by the British order last year that Kuwait cut its holding in BP to 8.9 per cent from 21.7 per cent, although they were mollified by a subsequent buyback arrangement which will leave Kuwait with a handsome profit and cost BP \$2.4bn (\$40m).

As for BP, Kuwait will not have let its stake go without a profit for the Kuwait Investment Office (KIO).

He said the group would try to consolidate in Europe, expanding in some markets and perhaps quitting others if there was no chance of building up a viable market share.

"We will break the rules that are not published. We will... act completely above board," said Sheikh Ali. "The only rules we know are the rules that are published and passed by the appropriate authorities."

"BP [was] a special situation because of the flotation and if a chance of a repetition occurs we will do it, unless there is specifically a law to prevent us from doing it," Sheikh Ali said in an interview with the Financial Times.

Sheikh Ali is also chairman of the Kuwait Petroleum Corporation. He reaffirmed that Kuwait would continue to strengthen its international downstream oil marketing interests, already known to consumers in Europe through the Q8 brand.

Looking at the oil market as a whole, Sheikh Ali said consumption had been rising faster than predicted in recent years, while low investment meant that Opec had less surplus production capacity than often supposed, even if capacity was now being increased.

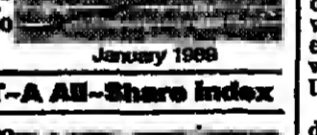
London sustains equities rally

By Simon Holthorpe and Ralph Atkins in London

SHARE PRICES climbed further on the London stock market yesterday as the most powerful rally since before the October 1987 crash continued into its third week.

Analysts agreed that the market has reached a new trading level, well above those of last year when it was mostly in the doldrums. By the end of trading, however, there were signs that the surge was losing steam.

There were mixed performances in other international equity markets. Japanese shares lost ground as concerns about the dollar's strength against the yen, and the Nikkei average closed 111.87 lower at 31,567.50.



GT Management expected to link with Liechtenstein bank

By Nikki Tait in London

GT MANAGEMENT, the UK fund management group which has long been the subject of takeover speculation, yesterday moved back into the bid spotlight, with Bank in Liechtenstein bank controlled by the Liechtenstein royal family, the favourite rumoured suitor.

GT shares were suspended at 178p when the stock market opened, pending an announcement. Early in the day, GT appeared hopeful that details could be released by late afternoon, but lawyers were still drafting final documents in the evening. A statement is expected today.

The Bank in Liechtenstein, the parent company of the EHL group, is one of the Principality's three banks and is controlled by the Prince of Liechtenstein Foundation.

Table with financial data including Hong Kong Hang Seng Index, Interest Rates, and Stock Indices.

Table with financial data including World Economic Forum, World Trade, and various market indices.

Advertisement for Australian Telecommunications Commission, featuring a logo and text about guaranteed exchangeable notes.

EUROPEAN NEWS

Gibraltar garrison may be cut by 650

By David White, Defence Correspondent, in London

THE UK's troop reduction in Green Jackets is due to take over in Gibraltar this spring from the Royal Anglians, and is unlikely to be replaced when it completes its two-year tour...

Nato reckons East bloc figures just don't add up

By David White, Defence Correspondent

NATO OFFICIALS who two months ago challenged the Soviet Union and its allies to lay their cards on the table were yesterday poring over the extensive figures released by the Warsaw Pact's committee of defence ministers...

ar-powered units against Nato's 76. The figures also place emphasis on the difference between offensive and defensive aircraft, a distinction which Nato rejects because of the flexibility of modern fighters...

civil defence troops, support units and command staff. The Western countries are shown as having rather more air force personnel at \$28,500 against \$25,100.

Hard-hitting Joxe socks Paris bourse opposition

By George Graham in Paris

MR PIERRE BEREGOVY'S socks usually remain hidden decently under the table, but they have moved into the French political spotlight, on the eve of the publication of an investigation into possible insider trading linked to the purchase by Pechiney...

Computer mishaps cost French FF8bn

By Paul Abrahamson

COMPUTER accidents and fraud are estimated to have cost French companies at least FF7.9bn (\$1.1bn) in 1987. That is the conclusion of a report to be issued next month by the Fédération Française des Sociétés des Assurances...

BELGIUM-ZAIRE RIFT Martens warns on Zaire talks

By David Buchanan in Brussels

BELGIUM yesterday threatened to call off its proposed ministerial summit with Zaire unless the African Government ceased widening the growing rift between the two countries...

Cyprus settlement terms outlined

By Andreas Hadjipapas in Nicosia

PRESIDENT George Vassiliou yesterday presented to the Turkish side a document outlining the Greek Cypriot position for a Cyprus settlement, and diplomatic circles said it marked a step forward in the search for a negotiated solution...

Scholz ducks issue of nuclear update

By David White, Defence Correspondent

MR RUPERT SCHOLZ, the West German Defence Minister, yesterday evaded the issue of his government's support for modernising Nato short-range nuclear weapons, following pressure from Mr John Tower, the US Defence Secretary designate, for it to make an early commitment...

UK envoy in Romania scuffle

By James Blitz

ROMANIA'S ambassador in London was summoned to the Foreign Office yesterday to explain why his British opposite number was manhandled by Romanian police...

UK envoy in Romania scuffle

and manhandled" him. The ambassador was told he could not proceed into the house. Mrs Cornea, a historian, has been under house arrest in Cluj since last autumn...

Sweden urged to seek EC membership soon

By Robert Taylor in Stockholm

SWEDEN ought to declare now that it intends to seek membership of the European Community, according to a wide-ranging study on the future of the country's economy into the 1990s...

EC likely to rule on remail complaint soon

By William Dawkins in Brussels

THE European Commission expects to make a preliminary ruling soon on whether eight national post offices have flouted EC competition rules by allegedly trying to stifle competition from the private bulk mail industry...

Hungary plans to cut its army by about 9%

HUNGARY SAID yesterday it would cut the size of its army by around 9 per cent and also "modernise" its military technology in 1989-90, Reuters reports from Budapest...

Pope accused by 163 theologians

STRONG accusations of authoritarianism have been levelled against Pope John Paul II in a so-called "Charter of Cologne" which has been signed by 163 eminent theologians from West Germany, Holland, Austria and Switzerland...

Business view of global outlook hedged with 'ifs' and 'maybes'

William Dullforce reports from the annual World Economic Forum currently meeting in Davos, Switzerland

FIVE DAYS of cloudless skies, clean Alpine air, good fellowship and much wine and dining must have physically relaxed the 700 or so businessmen who have been mingling with ministers, top officials and academics at the annual World Economic Forum...

Mr Raymond Barre, the former French Prime Minister, reported on a two-day, closed-door deliberation among some 60 leading participants, but everything in the conditional...

new policies would more easily find credit. There would also have to be some understanding of how capital flight (the illegal export of funds) from debtor countries was to be contained...

ies, the 60 pundits who took part in the closed-door deliberations, saw the world economy entering a new phase. It would be led by science and technology and would have an ecological element...

FINANCIAL TIMES (Copyright) Ltd. Printed by The Financial Times Ltd. at 1, The Avenue, London EC2A 4PU. Telephone: (01) 553222.

AMERICAN NEWS

White House steps in to back thrifts rescue plan

By Lionel Barber in Washington

MR John Summu, White House chief of staff, has stepped in to defend a US Treasury rescue plan for the nation's beleaguered savings and loans institutions.

The plan - involving a levy on bank deposits - has turned into an early test of will between the new administration and Congress, where critics have successfully labelled it a new tax.

One official expressed fears yesterday that the row could blunt the impact of Mr Bush's speech to Congress on February 9 in which the President will present his budget and political agenda.

At the weekend, Mr Summu, aware that Congressional opposition was threatening to overcome the Treasury in its first domestic political battle, insisted that the levy remained an option, "though not necessarily the leading candidate".

Last week, in the face of Republican and Democrat opposition on Capitol Hill, other administration officials distanced themselves from the proposal which involves a 25 to 30 per cent levy on each \$100 of deposits in federally insured financial institutions.

Other options include the issue of new bonds backed by the savings and loan industry, though this would add to the clean-up cost since the bonds would have to carry higher interest than regular Treasury bonds.

The most painful alternative would be for the Treasury itself to carry out a quick and costly bail-out, an option known as the "direct hit".

The fee on deposits would raise \$7bn to \$9bn as part of a rescue plan for several hundred insolvent thrifts which is likely to cost between \$50bn and \$100bn. The Treasury is scheduled to present its final options to the White House this week, but the row may provoke a delay. Officials are also trying to put together proposals for re-arranging the regulation of the S&L industry.

Bush likely to lower capital gains tax

By Peter Riddell, US Editor in Washington

FAR-REACHING tax changes affecting the treatment of capital gains, oil and gas exploration and child care will be included in President Bush's revised budget, to be presented to Congress on February 9.

The most controversial proposal is likely to be a reduction in capital gains tax from a top rate of 28 per cent (the same as on ordinary income) to 15 per cent. This will probably affect assets held for at least 12 months and may be permitted to cover gains only on sales of corporate stock and the like.

President Bush has argued that cutting capital gains tax will be self-financing and may even provide additional revenue. However, this claim has been questioned by the Congressional Budget Office which argues that there would be a substantial loss of revenue.

The scheme depends on the attitude of Congressional Democrat leaders such as Mr Dan Rostenkowski, chairman of the House Ways and Means Committee, which determines legislation. He has already said that a cut in capital gains tax would mainly benefit the wealthy and should be balanced by proposals to increase tax on top incomes or other measures.

A possible compromise outlined by Senator Lloyd Bentsen, chairman of the Senate Finance Committee, is to have a sliding scale of tax which would decline the longer an asset was held, so as to encourage long-term investment.

Other probable proposals are tax incentives for oil and gas exploration and drilling (likely to appeal to the powerful Texas group among the Democratic leadership in Congress, including Senator Bentsen), a child care tax credit for working families and enterprise zones free of tax in run-down areas. Proposals for a permanent research and development credit to replace one due to expire this December are also favoured by the Administration and by Congress.

US puts forward plan for Mexican debt restructuring

By Richard Johns in Mexico City

THE US Treasury has drawn up a plan for the restructuring and relief of Mexico's debt in consultation with leading American creditors.

The working paper sees Mexico as "the test case for a new less-developed country strategy" which the US is developing in the context of the 1985 Baker Plan. The working paper, a copy of which has been obtained by the Financial Times, outlines three specific approaches to Mexican debt and economic policy.

The first option envisages new bank lending of \$9bn over a three-year period. It is based on the "Brazilian menu" of new money, debt-for-equity swaps and exit bonds.

The US Treasury says that of Mexico's \$74.4bn bank debt \$48.2 bn is owed to institutions which are unlikely to sell their loans at a discount. Those banks - mainly US money centre, British and Japanese - would provide the new loans.

The package would reduce the net transfer of resources from Mexico to banks over the three-year period from \$20.8bn to \$10.3bn and all creditors from \$23.5bn to \$12.5bn. It also envisages bonds being issued in exchange for old loans at a fixed tender with a 40 per cent discount. They would be collateralised by 20-year zero-coupon US Treasury bonds purchased by Mexico with interest guaranteed by the World Bank for a rolling three-year period.

Mexico has been looking for such guarantees since the disappointing results of its innovative zero-coupon bond scheme reduced its overall debt by only \$1.1 bn a year ago.

Acceptance of the concept of interest securitisation would be a major breakthrough for Mexico and other Latin American debtors.

The second option examined concentrates on interest rate reduction, together with debt-for-bond swaps. It suggests that interest rates on Mexico's commercial term loans be temporarily cut to bring down the country's interest-to-export ratio from the 1988 level of 26.8 per cent to 20 per cent in 1991.

The scheme would bring about the biggest reduction in interest payments of the three presented, but over the three-year period would only lower net transfers to banks to \$13.9 bn and all lenders to \$16.4 bn.

Under the third and most radical option the bank debt would be exchanged for three new Mexican securities.

Mexican 30-year bonds collateralised by US Treasury zero-coupon bonds purchased by Mexico and with World Bank rolling guarantees on interest.

Mexican perpetual oil bonds tied to oil prices.

Mexican 30-year bond warrants providing holders with the choice of exchanging \$2 of previously issued 30-year bonds for \$2.50 of new bonds with yields equal to Libor plus two percentage points.

Net transfer of resources to banks would be lowered to \$14.3 bn over the three-year period and to all creditors to \$16.8 bn.

Initial losses to banks would be larger than under the other two options surveyed. It also faces the problem of imposing the same solution on all banks.

Among the basic assumptions underlying all three scenarios considered are \$2bn in loans from the World Bank, other multilateral agencies and official lenders, a \$15 per barrel oil price and a LIBOR rate of 8.5 per cent.

Regulators defer AT&T decision

By Roderick Oram in New York

THE Federal Communications Commission yesterday deferred a decision on a new form of regulating long-distance services sought by American Telephone & Telegraph as a way to improve its pricing flexibility and profits.

The regulatory agency said that it postponed voting on the issue until March in order to allow Congress more time to study the switch from a cap on AT&T's earnings to one on its rates.

With Congress growing more concerned that consumers might suffer under the proposed change, observers in Washington and on Wall Street believe the FCC will find it increasingly difficult to push through its plans.

"There's a tense atmosphere which is not conducive to negotiations," an FCC official said.

The political resistance underscored the gulf that has grown between Congressmen and Mr Dennis Patrick since he became FCC chairman two years ago.

Mr Patrick has angered many by weakening rules, for example, on cable television ownership and content of children's television programmes, as well as abandoning the Fairness Doctrine that guaranteed a right-to-reply.

AT&T said "we are disappointed and frustrated" by further postponement of a decision that has taken two years.

Under a rate cap its prices would be essentially frozen but it could maximise its profits through cost cutting and productivity increases.

FCC studies show the new AT&T rules would save users of its long distance services \$1.6bn over four years.

But despite FCC changes to the proposals over the past two years, several powerful Congressmen remain unconvinced that long distance service will improve or home users will share equally in the benefits with business users.

AT&T's two main rivals, MCI Communications and US Sprint, are essentially unregulated because they are much smaller.

Canadian premier retains key ministers in cabinet reshuffle

By David Owen in Toronto

MR Brian Mulroney, the Canadian Prime Minister, maintained continuity in the upper ranks of his new 38-member cabinet, unveiled yesterday, while ringing the changes among the lesser lights.

As expected, Mr Michael Wilson, Finance Minister, and Mr Joe Clark in external affairs retain their portfolios. So does Mr John Crosbie, from Newfoundland, as Minister for International Trade.

Elsewhere, there are several changes with four hitherto low-profile ministers - Mr Doug Lewis (Justice and House leader), Mr Bernard Valcourt (consumer and corporate affairs), Mr William McKnight (defence) and Mr Gerry Weiner (secretary of state) - the clear recipients of promotions.

Two ministers, Mr Marcel Masse and Mr Robert de Cotret, revert to previously held positions as communications minister and minister responsible for treasury board,

respectively. Mr Lucien Bouchard, secretary of state, is shifted to Minister of the Environment.

Of the promotions, perhaps the most intriguing is the appointment of Mr McKnight, a westerner, as Minister of Defence. The former Minister of Indian Affairs can expect to preside over the awarding of a controversial nuclear-propelled submarine design contract to Britain or France.

In his four years in the cabinet, at first in the ministry of labour, Mr McKnight has earned a reputation as an industrious and able minister.

His promotion allows Mr Perrin Beatty, his immediate predecessor at defence, to move to the ministry of health. The Ontario, first elected to the House at 22 and tipped as a future Prime Minister, thus continues his career in major ministries.

Manitoba's Mr Jake Epp is moved from the health ministry,

where his day-care legislation met with a decidedly cool reception to energy. Meanwhile, Mr John McDevitt, who made a name promoting Mr Mulroney's free trade agreement with the US, is shifted from housing to the ministry of privatisation.

In all, there will be six new members in the 38-member cabinet, including Vancouver MP Ms Kim Campbell, who retained former international trade minister Pat Carney's seat for the Conservatives in a nip and tuck battle with the left-of-centre NDP.

Two of the newcomers hail from Quebec, in deference to the high proportion of MPs from Canada's only predominantly French-speaking province among the new Conservative caucus.

The reshuffle comes a little more than two months after Mr Mulroney was re-elected at the head of a second consecutive Conservative majority government.

Ortega's economic plan likely to face opposition

By Peter Riddell, US Editor in Washington

PRESIDENT Daniel Ortega will be counting on little support from Nicaragua's business community as he unveils his government's economic plan for 1989, AP-DJ reports from Managua.

The leftist Sandinista government has desperately sought the support of capitalists and workers to brake Nicaragua's rapid slide into economic chaos.

The government alone could not reverse the economy, said Mr Bayardo Arce, a member of the ruling Sandinista National Directorate.

"We must establish a harmony of interests, outlining the responsibilities of the Government, private enterprise and workers, so we can face the country's problems," he said in an interview. President Ortega was to announce yesterday an austerity package that reportedly includes a three-month wage and price freeze to curb inflation. He has acknowledged that inflation reached 20,000 per cent last year.

On December 31, the president announced sweeping budget cuts for the Defence Ministry and security forces. The Government has not said how many jobs will be eliminated as a result.

Opposition leader Mr Enrique Bolanos, a cotton grower and former president of the Superior Council of Private Enterprise, said Nicaraguan business leaders would not support the plan because they distrusted the Sandinistas.

"The Nicaraguan Government has forced little better with the country's labour organisations during recent negotiations.

US backs use of cancer drug

By Peter Riddell, US Editor in Washington

THE US Food and Drug Administration yesterday approved the use of a hormone-blocking drug to help slow the progress of prostate cancer and improve the lives of its victims, Benter reports from Washington.

The drug, flutamide, will be sold by Schering-Plough of Madison, New Jersey, under the name Eulexin. It is already available in 34 other countries.

A National Cancer Institute (NCI) study found that patients taking both flutamide and leuprolide - already on the US market - survived an average of 34.9 months, nearly 25 per cent longer than those only on leuprolide.

"Flutamide is not a cure, but the NCI study submitted to FDA just this past October has demonstrated how it can be used to extend the lives of some men," Mr Frank Young, FDA chief, said.

SIEMENS

Siemens helps to keep The Royal Ballet on their toes at home and on tour.

When The Royal Ballet is on tour, all the world's a stage; but unfortunately every stage they encounter is different.

So sets designed initially for productions at their Covent Garden base often need adapting at short notice.

Which is where Siemens steps in.

Siemens high speed facsimile terminals have been installed at The Royal Opera House production office and at their scenery studio and workshop in London's East End.

So whenever modifications are needed, they can be

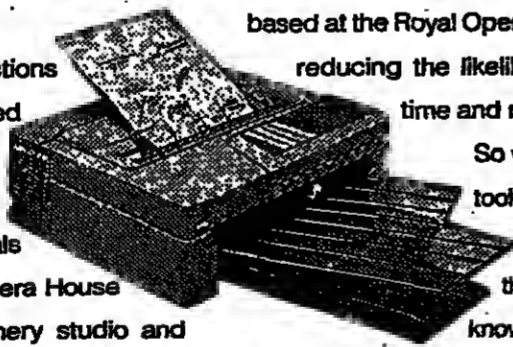
drawn on the original plans and faxed between the two locations - or wherever in the world companies based at the Royal Opera House are performing - thus

reducing the likelihood of mistakes and saving time and money.

So when The Royal Ballet recently took seven productions to Australia,

they were left free to perfect their performances, safe in the knowledge that Siemens performance was smoothing their path every inch of the way.

For further information, please telephone 0932 785691.



Innovation · Technology · Quality : Siemens

WORLD TRADE NEWS

US and EC claim Gatt impasse will be ended 'soon'

By William Dullforce in Davos

OBSTACLES to the resumption of international trade-liberalising talks should be removed in the next couple of months, US and European officials have been assuring businessmen at the World Economic Forum in Davos over the past two days.

It is not yet clear how the impasse over farm reform between the US and the European Community is to be overcome. But officials said preliminary contacts by Mr Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade (Gatt), had shown each side "ready to move in the right direction."

It might be more difficult to agree on short-term measures on farm trade than on long-term action, one European official suggested, because the Bush Administration could not make short-term commitments until it had come to terms with the US Congress.

The US and EC originally ran into deadlock over Washington's insistence on a long-term commitment by the EC to abolish by an agreed date all subsidies to farm production.

Trade ministers handed Mr Dunkel the job of resolving the crisis, which broke out at the mid-term review of Gatt's Uruguay Round in Montreal in December, when Latin Amer-

UK loan for Indonesia under-used

By Peter Montagnon, World Trade Editor

BRITAIN'S first soft loan facility for Indonesia expires today with only \$55m used out of a potential \$140m in funds intended to boost UK exports.

Drawings have been slow because of the difficulty experienced by exporters in finalising project contracts with the relevant Indonesian authorities. Eight projects were earmarked for funds under the loan but only five have been signed up.

Drawings would have been lower still but for a deal worth \$13.5m (57.5m) signed last week by Ruston Diesels, a GEC group company, for three diesel electric power stations.

The unused balance of the loan will be added to a new \$100m facility signed with Indonesia last year in an effort to retain a British presence in a market that attracts heavy competition from international aid donors.

Unlike the previous facility, the new loan is not tied to any specific projects. This has created a new flexibility which businessmen believe may make it more likely to produce fresh export orders.

Taiwan bicycles spin adversity into profit

Manufacturers have shown an ability to roll with the punches, Bob King reports

WHILE MOST of Taiwan's traditional export industries are loudly bemoaning their lot as both the Taiwan dollar and labour costs continue to rise, the island's bicycle industry - the world's largest - is turning adversity into profit.

During 1987, in fact, when the number of bicycles exported dropped from a 17-year high of 9.25m during 1986 to 8.9m, export value nevertheless increased by 25 per cent, from \$434m (\$241m) to \$543m. The reduction continued last year: only 6.3m units were exported, but unit value increased from \$61 to \$74.5.

The stronger Taiwan dollar, which has increased in value against the US currency by 40 per cent over the past three years, accounted for a large part of the rise in export value. But efforts by the island's cycle makers to produce higher-end goods also contributed strongly.

As a result, Taiwan's bicycle makers have displaced Japan, previously the world's foremost source of quality bicycles, and in the process demonstrated an ability to roll with the economic punches and get up stronger than ever.

"The so-called problems of the industry are actually a healthy development, which

we welcome," says Mr George Lin, president of Pacific Cycles and one of the patriarchs of the industry. In fact, the jovial Mr Lin is positively bullish on prospects for the industry - provided manufacturers make the investments in time, energy, and creativity that will keep the industry on its upward curve.

Other leading industry figures echo Mr Lin's comments. The glut of capacity - according to one estimate the island produced 12m bikes last year - had over the past three years led the industry into a familiar competitive cycle, producing mostly lower- and mid-end bikes at mass-retail price points.

Then the crunch came, as the Taiwan dollar began rising and labour costs went through the roof. Manufacturers found that, to stay in business, they had to start producing better bikes that would sell at higher prices - or move offshore to places such as mainland China where labour costs are lower and exchange rates against the US dollar are more favourable.

To their credit, many manufacturers have taken up the quality challenge and are helping ensure that Taiwan remains the by-word for bicycles worldwide. They are, for instance, using computer-aided

design and manufacturing (CAD/CAM), better metals and components. They are also changing their approaches to marketing: some are selling a significant percentage of their products direct to dealers around the world under their own brands, rather than relying on importers.

Pacific Cycles, for instance, has found that computer-aided design allows an engineer to produce a frame design in as little as 12 seconds, compared with two days before computers were drawn into play. Mr Lin says he carries his portable PC with him when he visits customers abroad, and can produce or modify a design on the spot.

Pacific sells about 150,000 bikes a year for such brands as Fisher Mountain Bikes,

Supergo, and Off Road of the US and Scott USA of Switzerland, and also sells to dealers under its own brand in the US, Sweden, Australia, New Zealand, and Japan.

At the other end of the scale is Giant Bicycles, which has offices in the US, the Netherlands, the UK, France, and West Germany, and, with export sales of 1.4m units, probably ranks as the world's top exporter of high-end machines.

Mr Antony Lo, Giant's president, offers several reasons for the industry's continued success. Japan, he says, first led the world when demand for 10-speed city bikes began about two decades ago. "Nobody in the US was making them; Japan was making them; and Taiwan was learning," he says.

Then came the BMX, which the Japanese eschewed, and Taiwan became "the home of the BMX." From that experience, the Taiwanese were able to move naturally on to mountain and all-terrain bikes, which currently dominate demand in the West.

While Taiwan has been moving into dominance worldwide, the Japanese share has fallen dramatically. Pacific's Mr Lin says Japan's bicycle exports have fallen from 1.5m units annually 10 years ago to

150,000 in 1988 - and the Japanese are now buying most of the bicycles they sell worldwide under Japanese brands from Taiwanese suppliers.

As manufacturers in Taiwan move up-market, most of the low-end production has moved offshore, to factories in South Korea and mainland China - neither of which Taiwan views as a threat to its dominance of the industry.

"A bike looks simple, but there's a lot of technology involved," says Mr James Chien, assistant general manager of Fairly Bike Manufacturing, one of Taiwan's "big five." He adds that the production shifted offshore, South Korea has taken a greater share than China. "Quality is still a consideration, and China is not there yet," he says.

Taiwan's manufacturers, in fact, see little competition developing in the higher-end lines they produce for at least the next three to five years, because the local industry's technology and the necessary component base cannot be duplicated elsewhere overnight.

"The most difficult thing is the concept - (success) depends on the company, on what they're trying to do, and lots of luck," says Giant's Mr Lo.

Saudi defence offset talks

By William Dawkins in Brussels

BRITAIN'S Ministry of Defence is holding a seminar in London today to launch its plan to encourage British companies to offset the value of Saudi arms purchases by investing in joint ventures in Saudi Arabia, Andrew Gowers reports.

The conference was arranged following the signing in November of an accord between Britain and Saudi Arabia which set out procedures for prospective offset investments in the kingdom worth up to \$1bn.

The plan was drawn up in response to Saudi demands for economic benefits to compensate for an expected outlay of more than \$15bn on a two-part purchase of British aircraft and other military equipment.

Brussels drops more dumping inquiries

By William Dawkins in Brussels

TWO EUROPEAN Commission investigations into alleged unfair under-pricing of Japanese ball bearings and Austrian steel tubes were closed without the imposition of duties yesterday, concluding the latest of a series of abortive EC anti-dumping complaints.

They follow Commission decisions over the past two months to drop two more "dumping" investigations into cellular telephones imported from Hong Kong, Japan and Canada and microwave ovens from Japan, South Korea and Singapore, on the grounds that there was insufficient

evidence to warrant charging duties.

These moves come after a period when the Commission has faced mounting criticism from industrial consumers and academics that it is applying anti-dumping rules too rigorously.

Only three inquiries were dropped in this way in the whole of 1988, rising from just one in the previous year, the Commission said.

The ball bearings inquiry centred on accusations that the UK plant of Nippon Seiko and the West German factory of Japanese-owned NTN Kugella-

gerfabrik were being supplied with dumped components.

They were thought to be trying to evade dumping duties on fully assembled bearings imported into the EC by both companies.

Brussels examined the complaint, lodged last April by the Federation of European Bearings Manufacturers' Associations, but found that the Japanese content of their EC-assembled products was less than 60 per cent. That meant they were well within EC rules against component dumping.

Commission trade experts

did find that Austrian steel tubes were being dumped, as claimed by the Liaison Committee of the European Steel Tube Industry, but that they were being sold in such small numbers in the EC that they were inflicting little damage on Community tube producers.

Austrian producers were charging 11.2 per cent less in the EC than on their home market, yet their dumped exports only took 1 per cent of the Community market.

Falling demand had also contributed to a general drop in prices, the Commission said.

Jordan and Egypt to boost trade

By Tony Walker in Cairo

JORDAN and Egypt agreed at the weekend to increase two-way trade to \$350m (\$194m) this year. The agreement followed talks in Cairo between the Prime Ministers of the two countries.

The decision coincides with discussions among four Arab states about the formation of a regional "common market". In this context Egypt, Jordan, Iraq and North Yemen have embarked on a review of possible areas of economic co-operation.

Officials are looking at the possibility of reducing trade barriers and streamlining customs procedures. President Hosni Mubarak of Egypt, after meeting King Hussein in Cairo last week, invited other Arab states to join the proposed economic bloc.

Officials said Egypt and Jordan would found joint companies for investment in tourism, and for production of livestock and fodder. The two countries would co-ordinate production of fertilisers, petrochemicals, electronic equipment, machinery and spare parts.

Japanese, Brazilians share in Malaysian gas project

By William Dawkins in Kuala Lumpur

JAPANESE and Brazilian contractors and their Malaysian partners have won a Ringgit 325m (\$66m) contract to supply pipes for the Malaysian Peninsular Gas Utilisation (PGU) project, Wong Salong reports from Kuala Lumpur.

The Japanese-Malaysian partnership will supply 88,900 tonnes of pipes to link the natural gas processing plant at Telok Kalong in Trengganu,

State to Segamat in Johore and southwards to Pasir Gudang port, opposite Singapore.

The Japanese companies are Mitsubishi, C. Itoh, Marubeni, and Sumitomo.

The Brazilian-Malaysian group will supply 58,700 tonnes of pipes from Segamat westwards to Port Klang. The Brazilian companies are Petrobras Comercio Internacional, Interbras, and Comfab Industrial.

CIM - CAD/CAM

A key theme at Hannover Fair CeBIT '89,

where interest will be focused on a comprehensive array of computer-aided solutions for a broad range of industrial applications.

From the design stage to manufacture. With the spotlight on complete networks as the basis for company-wide, computer-oriented concepts.

Office and information systems

CIM - CAD/CAM systems

Production data acquisition

Microcomputers, company-oriented and branch-oriented solutions

User Center for Small Businesses

Peripheral DP equipment

Software, management consulting

Office and organizational technology

CeBIT Banking Center

Security technology

Telecommunications

W German-Soviet trade picks up

By Andrew Fisher in Frankfurt

TRADE between West Germany and the Soviet Union picked up in 1988 after falling back sharply in the previous few years because of lower energy prices.

The Bonn Economics Ministry reported a 7 per cent rise to DM14.6bn (\$4.5bn) in two-way business in the first 11 months, with higher exports more than offsetting lower imports.

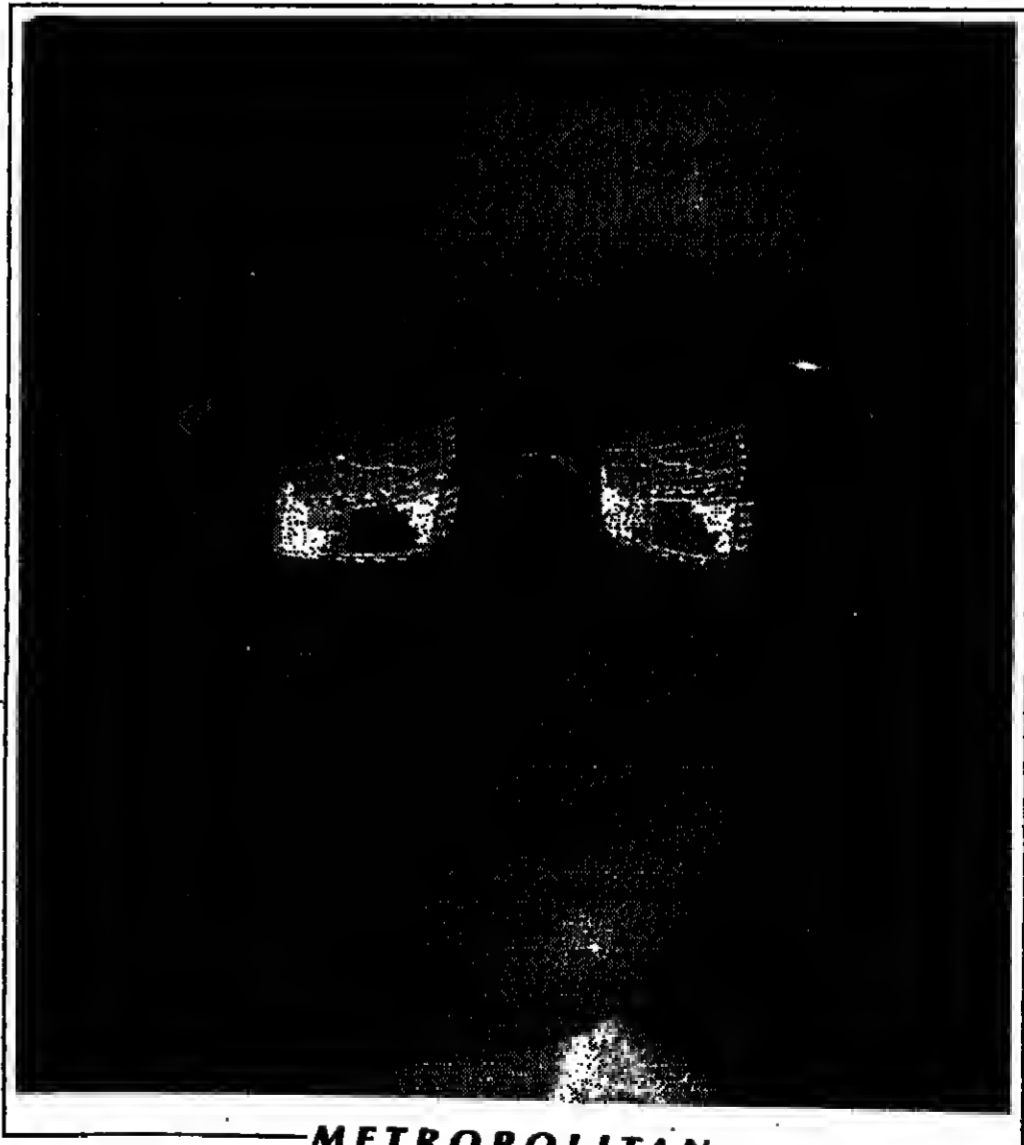
Linde, the West German engineering company, announced a DM100m order from Technomashimport of Moscow to expand an ethylene plant in the Caucasus.

The order comes at a time of growing optimism in the German engineering industry that sales to the Soviet Union will show a further sharp rise this year. The Swiss-owned Lie-

bherr, with a large German operation, hopes to supply equipment for a new DM1bn car engine plant.

The figures showed that German exports to the Soviet Union, its largest Eastern Bloc trading partner, jumped by 20 per cent to DM3.4bn in January-November, while imports (mostly oil and gas) were down by 6 per cent to DM2.2bn.

It's
HANNOVER MESSE
CeBIT '89
 World Center Office Information Telecommunications
 8 - 15 MARCH 1989
CeBIT
 Time.



METROPOLITAN
WIGAN

INDUSTRY · RETURNS · TO · ITS · BIRTHPLACE

Get the Facts from Bill Badrock, Head of Economic Development, P.O. Box 36, Civic Centre, Millgate, Wigan WNI 1YD U.K. Telephone: (0942) 827166

World Center Office Information Telecommunications
 For further information please contact: Arnold Rustemeyer, 25 Hurre Way, South Croydon, Surrey CR2 7AR, Tel.: (0) 688-9941, Telefax: (0) 6810069, Telex: 8951514

nto profit
Bob King reports

Jordan
Egypt to
boost the
By Tony Walker

s up



THE JAPAN ECONOMIC JOURNAL

Published by Nihon Keizai Shimbun, Inc. Printed in Tokyo, New York and San Francisco

Week ending September 24, 1988 YEN 26 YEN 2200

What's ahead
Japanese bypass 'dragons'; target low-cost Asia nations

Robot production rebounds, but margins stay slim

Citibank sparks bank, post battle
Proposal perceived as ploy to promote postal saving system

Investment in Japan

Japan to hold policy course at G7 (P2)

Japan to hold policy course at G7 (P2)

Japan to hold policy course at G7 (P2)

Japan to hold policy course at G7 (P2)

Japan to hold policy course at G7 (P2)

Japan to hold policy course at G7 (P2)

Japan to hold policy course at G7 (P2)

Japan's Leading English Business Paper Presents Simultaneous Printing In Europe

Only one paper provides the full inside story on Japanese business, and thanks to a recent satellite transmission link-up, that paper now provides Europe with the same efficient printing service enjoyed in Tokyo.

The *Japan Economic Journal* is a companion paper to the world's largest business daily, *The Nihon Keizai Shimbun*, and is the leading English news-weekly for Japan watchers and decision-makers around the globe. JEJ's perceptive commentary covers a wide range of topics, and its timely translations are gleaned from Japan's top specialised papers in economics, industry, marketing and finance. *The Japan*

Economic Journal is also a vital part of *NIKKEI*, Japan's most comprehensive business information network and compiler of the Tokyo Stock Market's essential index, the *Nikkei Average*.

With the rapid expansion of global awareness, the demand for Japanese information has never been greater. Japan is the leading creditor and investor nation, as well as the top provider of overseas aid. Thus, in order to get in touch with the source that gives you the complete picture, we recommend you to subscribe to *The Japan Economic Journal*. The timing has never been better.

THE JAPAN ECONOMIC JOURNAL

NIKKEI

Nihon Keizai Shimbun, Inc. 1-9-5 Otomachi, Chiyoda-ku, Tokyo 100-66, Japan Tel: (03) 270-0251 Telex: 122308 NIKKEI
Nihon Keizai Shimbun Europe Ltd. London Office: Bush House, Aldwych, London WC2, U.K. Tel: (01) 379-4994
Frankfurt Office: Kelenhofweg 22, 6000 Frankfurt/M 1, WEST GERMANY Tel: 069-720214
Nihon Keizai Shimbun America, Inc. New York Office: Suite 1802, 1221 Avenue of the Americas, New York, NY 10020 U.S.A. Tel: (212) 512-3600
Los Angeles Office: 725 South Figueroa Street, Suite 1515, Los Angeles, CA 90017 U.S.A. Tel: (213) 555-7470

I would like to subscribe now. Please enter my subscription for:

	6 months at	1 year at	2 years at
Europe, Africa, Mideast	<input type="checkbox"/> £45.00	<input type="checkbox"/> £83.00	<input type="checkbox"/> £158.00
U.S.A.	<input type="checkbox"/> US\$54.00	<input type="checkbox"/> US\$99.00	<input type="checkbox"/> US\$182.00
Asia, Oceania	<input type="checkbox"/> US\$58.00	<input type="checkbox"/> US\$100.00	<input type="checkbox"/> US\$193.00
Canada, Central America	<input type="checkbox"/> US\$68.00	<input type="checkbox"/> US\$104.00	<input type="checkbox"/> US\$201.00
S. America	<input type="checkbox"/> US\$60.00	<input type="checkbox"/> US\$109.00	<input type="checkbox"/> US\$210.00
Japan	<input type="checkbox"/> ¥9,900	<input type="checkbox"/> ¥16,800	<input type="checkbox"/> ¥31,800

Please send a sample copy

Name _____

Address _____

SUBSCRIBERS IN EUROPE: Please make payment (by check payable to The Japan Economic Journal) to the London or Frankfurt office of Nihon Keizai Shimbun Europe Ltd.
SUBSCRIBERS IN U.S.A.: Please enclose check payable to The Japan Economic Journal, 314 West 53rd Street, New York, N.Y. 10019
Order toll-free 1-800-472-8990 (New York residents dial 212-489-0926). Amex card holders may use our toll-free ordering number. Operators are standing by 24 hours a day.
SUBSCRIBERS IN OTHER COUNTRIES: Please make payment (by check payable to The Japan Economic Journal in U.S. dollars) to: Nikkei Media Marketing, Inc. c/o Nihon Keizai Shimbun, Inc. 1-9-5 Otomachi, Chiyoda-ku, Tokyo 100-66, Japan Tel: 03 (318) 6588 Telex: 2224161 NMMINC J

F74

OVERSEAS NEWS

Rival Lebanese Shia factions sign peace pact

By Jim Muir in Beirut

LEBANON'S rival Shia Moslem militias, Amal and Hizbollah, yesterday ended more than a year of bloody fighting with a comprehensive peace accord. The Arab League launched a diplomatic effort to end the country's 14-year-old political crisis.

The agreement between the pro-Syrian Amal and pro-Iranian Hizbollah militias to end a conflict which has already claimed more than 150 lives this year, was signed in Damascus after a week of intensive negotiations presided over by senior Syrian and Iranian officials. It raised hopes that conditions may become more favourable for the release of the 15 or so westerners still being held hostage by Iranian-inspired radicals in Lebanon.

"Any positive step like this in Lebanon will help gain the release of hostages," said Mr Farouq al-Sharaa, the Syrian Foreign Minister, after the signing. Dr Ali Akbar Velayati, his Iranian counterpart, said: "We hope that all hostages, whatever their nationality, will be released very soon out of humanitarian considerations."

Mr Nabih Berri, the Amal leader, added that the accord did not deal directly with the hostages, but expressed the belief that it would help their early release.

An Irish diplomat, Mr Patrick McCabe, who has been in Beirut since Saturday investigating reports that Irish or British hostages may be about to be freed, said yesterday that he had not heard anything sufficiently concrete to justify raising hopes of an imminent release for Mr Brian Keenan, a Belfast-born teacher, or other

Chaos deepens in Kabul as the Afghan winter sets in

By Robin Pauley, Asia Editor

HEAVY snowfalls yesterday added to the crisis in Afghanistan, where guerrilla attacks, the withdrawal of the Soviet army and supply shortages have created political and military chaos.

The snow closed Kabul airport, delaying the departure of Soviet troops and foreign diplomats fleeing a capital where security is deteriorating rapidly as the Soviet occupation forces melt away. It also stopped Soviet planes arriving with supplies to relieve the food and fuel shortages.

The Salang Highway, the main route north to the Soviet Union, was closed temporarily as conditions worsened, halting up the road convoys bringing supplies to Kabul and taking Soviet soldiers home.

Deadlock on the future political structure of Afghanistan is resulting in a great deal of diplomatic travel, so far to no effect.

Mr Sahabzada Yaqub Khan, Pakistan's Foreign Minister, is in Riyadh to try to discover what sort of Afghan government would be acceptable to the Saudis, one of the strongest financial supporters of the Afghan Mujahideen resistance.

A tiny handful of young Saudis went to Afghanistan to fight along side the Mujahideen against the Soviets.

Mr Yakub met Prince Saud al-Faisal, Saudi Foreign Minister, in Riyadh before flying on to Doha to meet King Fahd bin Abdulaziz. This visit precedes a visit to Pakistan on Saturday by Mr Edward Shev-

aridnaze, the Soviet Foreign Minister, in a further attempt to find a compromise solution on an interim government.

If the Soviets can obtain a face-saving agreement which includes the ruling People's Democratic Party of Afghanistan (PDPa) they are prepared to remove the present Cabinet of President Najibullah. Without such an agreement they will continue to resupply President Najibullah's army and both Mujahideen positions from the Soviet Union after the February 15 deadline for withdrawal.

The Mujahideen, sensing victory, have refused to consider any coalition government involving the PDPa. However, the resistance yesterday promised not to storm Kabul and

other cities, reducing chances of a civilian bloodbath after the Soviet troop withdrawal.

"We will continue our siege around Kabul so the attack does not lead to the killing of innocents," said Mr Burhanuddin Rabbani, one of the resistance leaders based in Pakistan.

Not all the resistance groups agree, however. Mr Gulbuddin Hekmatyar, the extreme Mujahideen leader whose influence has declined since his mentor, President Zia of Pakistan, was assassinated last August, has often argued for attacks on major cities to complete the Mujahideen victory.

He is currently in Tehran trying to secure agreement with the Iranian-based resistance leaders on the future shape of an Afghan government.

Meanwhile, diplomats continue to pack up their belongings ready to leave once Kabul airport re-opens. The Americans, Japanese, British and French are leaving. The West Germans have already gone.

The Iranians, Italians and Turks are staying for the time being, as are a handful of international aid workers.

Mr Richard Murphy, departing assistant US Secretary of State for Near Eastern and South Asian affairs, is pessimistic about the likelihood of the Afghans turning their weapons on each other once the Soviets had gone.

"There are very deep passions aroused against the occupier and they will be turned against those who have been central to the regime," he is reported to have said.

The Stars and Stripes was lowered at the US embassy in Kabul yesterday to indicate the formal closure of the station.

"We're going home," said Mr John Glassman, chargé d'affaires. "We are leaving for security reasons. We'll be back as soon as the conflict is over."

In a brief address, Mr Glassman paid tribute to former Ambassador Adolph S. Spilke Dubs, who died after being kidnapped in Afghanistan on February 14, 1979. "His mortal remains lie now in the Arlington Cemetery in Washington, his spirit is here with us in Kabul," he told staff standing in the snow around a memorial stone in the embassy grounds.

UK unhappy over HK Basic Law 'breach'

By John Elliott in Hong Kong

THE UK is expected to protest to China that guarantees agreed between the two countries for the autonomy of Hong Kong will be breached in 1997.

There is growing controversy in both Hong Kong and the UK over a general lack of provisions for the development of democracy in the Basic Law's latest draft, especially over delayed elections for the post-1997 chief executive, who will take over from the British governor, and the legislative council.

The move also coincides with a diplomatic row between the UK and China over statements by top Chinese officials who have demanded that the problem of 25,000 Vietnamese

refugees in Hong Kong should be solved before 1997.

The British Foreign Office has complained to Peking about statements attributed to Li Hou, secretary general of the Basic Law drafting committee, that all the best people should be out of Hong Kong by 1997. Despite the protest, the demand was repeated at the end of last week by Xu Jiatun, head of China's Xinhua news agency in Hong Kong and Peking's *de facto* ambassador to the colony.

The changes to the basic law reflect the views of conservative Hong Kong businessmen who recently stiffened their stance on the economic and democracy issues after they had failed to reach compro-

Tokyo irritated over US fiscal policy gap

By Ian Rodger in Tokyo

AS THE yen touched Y130 to the dollar yesterday in Tokyo, the Japanese authorities began to show their irritation with the current drift of exchange rates and their impatience with the long wait for the new US Administration to set its fiscal policy.

"There is a limit to what can be done with monetary policy," a Bank of Japan official said yesterday in reference to the US Federal Reserve's recent moves to push up interest rates.

Some economists in Tokyo suggest that behind this irritation may be a fear that Japan will have to push up its own interest rates if the dollar rises much further. If that happened, domestic demand growth could fade, causing import growth to decline.

The Japanese authorities are already embarrassed about the resurgence of exports in recent months, which has prevented the country's bloated trade surpluses from falling, and the last thing they want now is a slowing of imports as well.

In the Japanese view, the Fed's tightening of monetary policy has pushed up the dollar in defiance of underlying economic trends, particularly in the last few days when the dollar has risen despite a narrowing of the gap between US and Japanese long-term interest rates.

"The expectations of market participants are so important now. It is difficult to explain foreign exchange movements on the basis of fundamentals," the Bank of Japan official said plaintively.

The same was true of inflation expectations, he added.

The central bank's view was that there was "no imminent sign" of inflation in Japan, even though the economy probably was growing at a rate faster than its long term potential.

However, market sentiment appeared to be more pessimistic.

Indeed, as one private sector economist in Tokyo explained, the potential for a business translating high inflation in Japan is much stronger than it was last autumn. This is mainly because international oil prices have risen. Some economists suggest the Bank of Japan would be forced to push up interest rates if the dollar rose to Y135 whereas last autumn the central bank stayed calm even as the dollar approached Y140.

The Japanese authorities agree entirely with the intention of the Federal Reserve's policy - to cool US domestic demand and the propensity of the country to suck in Japanese imports - but they regret the side effect of threatening Japanese economic stability.

They would rather see the US use fiscal policy to cool demand, and their new irritation may reflect worries that the Bush Administration may not take tough action on this front.

"I would like to know why the market is still speculating on high interest rates, strong US growth and a tough Bush policy," the Bank of Japan official said. "If those expectations are disappointed, what will happen?"

April futures exchange relaunch planned

By John Elliott

HONG KONG hopes to relaunch its Futures Exchange with April with a new interest rate futures contract which could lift the market out of an unexpectedly long slump following the world stock markets crash of November 1987.

The first step towards this goal was taken on Friday when 10 brokerage firms, including international names such as Baring, Jardine Fleming and Citicorp Scribner Vickers, linked up as broker-lenders with the exchange and its shareholders to announce the restructuring of a HK\$2bn (£147m) lifeboat facility which was introduced when the crash brought the exchange to the brink of collapse.

The new set up is a permanent HK\$200m reserve fund to support the exchange's new clearing house, called the HKFE Clearing Corporation, which is expected to be operational in the middle of March.

The next key event is on February 23 when the US-backed Unita group led by Mr Jonas Savimbi, who is fighting the Government of President Jose Eduardo dos Santos socialist MPLA since it broke away from a transitional government in the months before Angola's independence in 1975.

Gen Antonio de Costa Fernandes, a senior foreign affairs spokesman for Unita, said he had been empowered to offer a ceasefire as a goodwill gesture, now that Cuban forces were being withdrawn from Angola under the tripartite agreement between Angola, Cuba and South Africa signed last December.

But the rebel group's move is unlikely to draw any positive response from Angola, where the offer will be seen as a propaganda attempt to bolster the impression that the rebels can dictate terms.

The Government has repeatedly said it will not hold official talks with Unita. It is willing, instead to receive any Angolan under its clemency policy except Mr Savimbi who is considered a "special case".

Gen Fernandes yesterday ruled out any acceptance or recognition by Unita of the Government's formal amnesty law under which Unita personnel are able to return without penalty.



Newton: good rules

about 45,000, split evenly between soy beans, sugar and the Hang Seng index.

The stock exchange was reformed at the end of last year with a new council and management, and legislation is now being processed to set up a new and controversial over-all watchdog called the Securities and Futures Commission.

The Futures Exchange has proved more difficult to reform than other institutions, mainly because of vested local interests which oppose change. They include 35 members of the exchange who are involved in legal action over alleged 1987 defaults.

At an emergency general meeting in December the 25, plus other local shareholders who are not active members, blocked the new constitution in a 55-45 per cent vote which was less than the required 75-25 majority. The proposed new rules would gradually disenfranchise defaulters and non-members and would ensure that only active members of the exchange have a shareholding's vote.

The exchange's profits would also be ploughed back for development, not paid out to members.

If the 75-25 per cent vote is not achieved on February 23, the government and the exchange will consider whether to use powers in the new Securities and Futures Commission Bill, which could come into force by March or April, to force through the new constitution.

Rabin offers Palestinians a compromise

By Andrew Whitely in Jerusalem

MR YITZHAK RABIN, the Israeli Defence Minister conducting a solo campaign to persuade Palestinians to enter into negotiations, yesterday offered a significant compromise on his recently launched plan for elections in the occupied territories.

Speaking to a caucus of Labour parliamentarians, Mr Rabin concluded that it was not necessary for the 44-month-old *intifada* (uprising) to be halted before talks could begin with local Palestinian leaders.

The statement came a day after Mr Faisal al-Husseini, generally regarded as a mastermind of the uprising, was released from jail. Mr Hussein has defied objections from the Palestine Liberation Organisation abroad and other local Palestinian leaders and supported elections in the occupied territories - provided no conditions are attached and the PLO sanctions the arrangement.

Serving notice on his colleagues that he does not intend to be deterred by the continuing criticism within Israel of his initiative, Mr Rabin said that free elections could not take place in an atmosphere of violence. But he was prepared to drop his previous precondition for talks, that the violence be halted immediately.

Yesterday was marked by scattered clashes between demonstrators and soldiers in the West Bank and Gaza Strip, along with a largely observed strike by merchants, called for by the Islamic fundamentalist group known as Hamas.

Mugabe warns of hunger threat to Africa

By Our Foreign Staff

PRESIDENT Robert Mugabe of Zimbabwe said yesterday in London that starvation was threatening the survival of Africa and called for the "shame of hunger" to be wiped out of this century.

Mr Mugabe, who has led Zimbabwe since independence nine years ago, spoke of the continent's burdens, after he had accepted the Africa Prize for Leadership.

The Zimbabwe leader said that the debt of 46 African countries was estimated by the OAU to have increased from \$4bn in 1982 to nearly \$200bn in 1986, and is estimated to climb to \$550bn by the year 2000, if current trends continue.

He claimed that more than 70m Africans suffer from malnutrition, most of them women and children, calling it "a threat to Africa's survival".

"More bold and creative action must be pursued in order to eradicate the shame of hunger this side of the 21st century," he said. "I call on the developed North to join us of Africa and of the South."

Mr Mugabe said his own country was facing serious problems. Zimbabwe, one of black Africa's few food exporters, still desperately needed land for its resettlement programme, a vital part of its rural development, he said. He added that the country's debt service ratio, which reached a peak of 35 per cent in 1987 was expected to fall to 25 per cent by mid-1989.

Unita 'willing to observe Angolan ceasefire'

By Akwe Amosu

A SENIOR official of the Angolan rebel group Unita said in London yesterday that his organisation would be willing to observe a ceasefire in the war it has fought with the MPLA government since independence, if its ceasefire offer were reciprocated.

The US-backed Unita group led by Mr Jonas Savimbi, who is fighting the Government of President Jose Eduardo dos Santos socialist MPLA since it broke away from a transitional government in the months before Angola's independence

Swiss credit for S Africa

By Norma Cohen

A GROUP of Swiss investors has agreed to renew an existing SF70m (€28m) medium-term note to South Africa, relieving the country of the need to repay the debt immediately.

Union Bank of Switzerland is arranger and paying agent. The old notes were set to mature on January 17. The new notes are for a three-year term and pay interest at 7 per cent, representing a 2 per cent premium over rates on Swiss government securities. The maturing notes paid interest of about 6 per cent.

Switzerland did not join the other nations which in 1985 stopped lending to South Africa in protest at the country's apartheid policies. The Swiss National Bank has imposed an annual limit on new lending to South Africa of SF900m, although renewals and rollovers do not count towards that limit.

South Africa has also been faced with shrinking foreign exchange reserves since early 1988, making it difficult to meet foreign debt repayments.

Thailand shines as one of East Asia's brightest economies

Roger Matthews in Bangkok examines a country buoyed by a decade of growth and democratic maturity

THE international discovery, elevation and confirmation of Thailand as one of East Asia's brightest economic prospects has happened in little more than a decade, despite an already impressive performance in the 1980s when gross national product increased on average by 8 per cent a year.

A combination of growing domestic political maturity and the fast-retreating threat of Communist-inspired regional instability has helped reveal to the outside world - and sometimes to the Thais - the diversity of the economy and its potential for development.

The publicity it has attracted, although not all of it favourable, has served to reinforce the impression of a dynamic and stable economic environment, in sharp contrast to the Philippines where the democratic achievements have been greater.

Such diverse events as King Bhumibol Adulyadej's sixtieth birthday, celebrated just over a year ago, three victories in international beauty contests, a medal at the Seoul Olympics and a blessing for the textiles industry from Pierre Cardin, have all in their way underlined both the depth of Thai

EAST ASIAN ECONOMIES



THAILAND



Thailand has many strengths. It is strongly profit and business oriented. Although the decision-making process is often led and over-contrived, correctly made payments do make the wheels turn, even if not always for the best objective in national terms. But things do happen.

Thailand's population of 54m provides a pool of cheaply available labour and, perhaps more significantly, an increasingly important demand base, which distinguishes it from countries with much smaller numbers such as Taiwan, Malaysia, Singapore and Hong Kong.

At a time when the threat of protectionism is growing, Thailand also enjoys substantial benefits under the generalised system of preferences, an advantage denied increasingly to others, which last year helped to lift its exports to the US by 30 per cent. Even so Thailand is far from being a single destination exporter with Japan last year buying only 5 per cent less than the US.

It is relatively rich in natural resources - offering longer-term possibilities for producing industrial components and expanding quickly beyond the primary assembly stage. And because Thailand is still a strongly agricultural nation it has a greater capacity to sustain moderate levels of growth during downturns in the world economy.

This was particularly apparent during the 1985-86 recession. The Thai economy grew by 3.5 per cent and 4.7 per cent respectively in those two years while more developed and industrialised countries in the region, such as Singapore and Malaysia, were suffering negative or minimal growth. Those countries have bounced back from that trough, but Thailand's economy has remained on a steady upward track achieving growth of just over 7 per cent in 1987 and expectations of close to 10 per cent this year, on a par with Singapore but ahead of Malaysia.

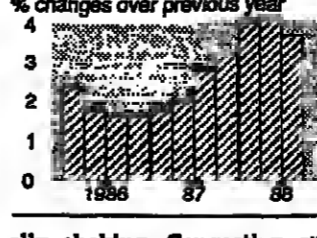
Maintaining this pace is likely to prove impossible for these countries, most critically in Thailand because serious bottlenecks in the infrastructure have been caused by the sharp increase in foreign and domestic investment.

Bangkok, Thailand's only major industrial centre, is liter-

Thailand



Consumer prices



investment this year will probably increase by nearly two thirds with Japan still leading the way, followed by Taiwan, and with strong interest from the US and Europe. South Korea is also beginning for the first time to make its presence felt.

New applications are also extremely buoyant, which are impressive for their diversity and quantity. Another of Thailand's strengths has been that while it has launched an impressive petrochemical-based industrial zone on the Eastern Seaboard, it has leaped simultaneously into international prominence in less obvious sectors such as gems and jewellery, which are ideally suited for the more traditional Thai company employing less than 100 workers.

Opinion is divided over whether Thailand has now reached the hard part and achieved the critical industrial mass which will act as a solid platform for a decade of steady growth, or whether the impact of such rapid economic development will begin to impose excessive strains on the country's other institutions.

The relationship between monarchy, military, politicians

IMF renews talks with Philippines

By Richard Gourlay in Manila

THE International Monetary Fund and the Philippines resumed negotiations yesterday for a new \$1.3bn loan package on which a string of crucial talks with commercial banks, official creditors and aid donors depend.

Mr Vicente Jayme, the Philippine Finance Secretary, has called the IMF package a "cornerstone" of the country's economic recovery and urged a vocal minority of Congressmen and some government officials not to press for conditions that would hold up agreement.

Talks broke down last November after the IMF questioned some Philippine growth rate, its revenue raising ability and government spending targets. Manila refused to change its assumptions.

Some officials not directly involved in the negotiations but responsible for drawing up the Philippines' recovery programme accused the Fund of trying to impose conditions that would jeopardise Manila's efforts to alleviate poverty.

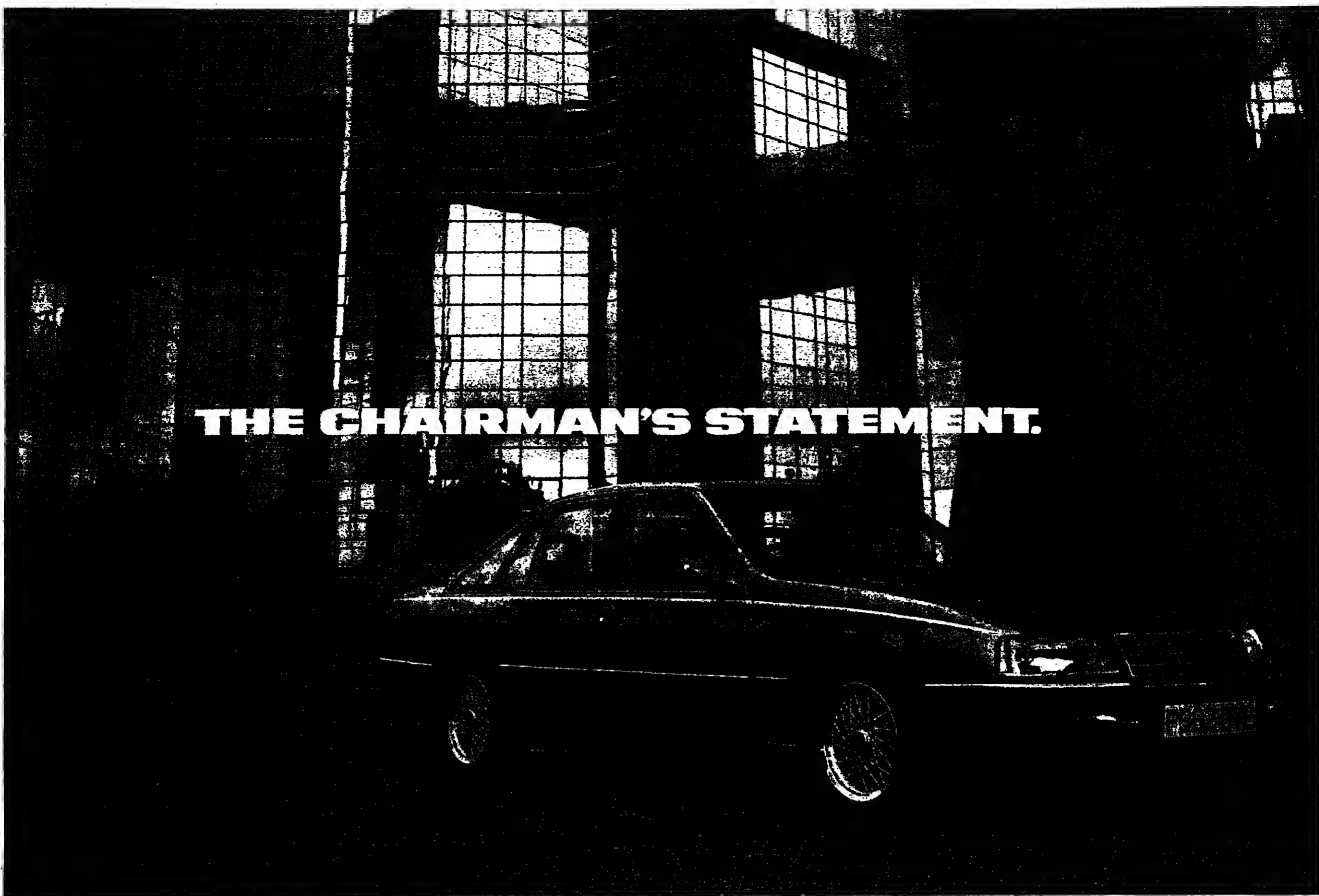
FRIDAY JANUARY 1989

ter sets

irritated on cal policy ga

credit for S

IVF rene talks with Philippines



THE CHAIRMAN'S STATEMENT.

The gentleman above has just made an important announcement. One which will inevitably attract close scrutiny from friend and foe alike.

It concerns the said Chairman's decision to buy a £22,308 stake in a company known as Vauxhall Motors.

A considerable acquisition that trades under the name, the 1989 Senator CD.

The intention behind the purchase is clear for all to see.

It's an affirmation of forward thinking. A clearly stated belief in the advantages of advanced technology.

And in this day and age, technology doesn't come much more advanced than that found on the new Senator CD.

Apply the brakes in an emergency and the ramifications of electronic ABS anti-lock braking make themselves patently clear.

The dangers of slipping and sliding, skidding or skating are dramatically reduced.

This feeling of control is enhanced by the Senator's Advanced Chassis Technology, a suspension system specifically designed to take the suspense out of unexpected swerves.

As for the straight six engine, it's under new management: a Bosch L2 Jetronic system allied to a bank of computers.

Whilst those all-important economic indicators such as fuel consumption and fuel range can be constantly reviewed on the 7-function trip computer.

As one would expect, along with checks, at the press of a button, one can also make choices. Lots of choices.

Whereas the less driven among us may be content with one gearbox, captains of industry can now avail themselves of three.

"Economy" covers normal driving conditions encountered around town. (Tough at the best of times.)

"Winter" is for when climatic conditions take precedence over performance. And "Sports" is for when performance is all.

One can take out similar options on the suspension system.

There is a "Comfort" mode. A stiffer "Sports" mode. And as a compromise between the two, a "Medium" setting.

And as befits a man with the top seat on the board, the seats in the Senator are leather, heated, lumbar adjustable and look out across richly varnished elm trim.

At your beck and call you will also be pleased to find electric mirrors, windows and sunroof, electronic cruise control and, of course, power steering.

In your defence, a deadlock central locking system will keep your investment secure from the attentions of undesirable asset-strippers.

What more is there to report?

Only that with the purchase of the Senator CD, the next few years are bound to be ones of impressive progress.

THE SENATOR CD.



VAUXHALL. ONCE DRIVEN, FOREVER SMITTEN.

VAUXHALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS. CAR SHOWN SENATOR 3.0i CD: £22,308. PRICES CORRECT AT TIME OF GOING TO PRESS INCLUDES CAR TAX AND VAT BUT EXCLUDES NUMBER PLATES AND DELIVERY. DOT FUEL CONSUMPTION TEST MPG (LITRES/100KM) CONSTANT 56MPH 39.8 (7.1); URBAN CYCLE 49.3 (5.6); CONSTANT 75MPH 32.5 (6.7).

**THUMB THROUGH
50,000 PAGES OF
THE FINANCIAL TIMES
IN 3.9 SECONDS**



PROFILE Information enables you, in just a few seconds, to search through over 3 years' back numbers of the Financial Times including the special reports and industry surveys. You can pick out every mention of any person, product, company or industry - or any other subject you choose, and read what the Financial Times has said about it.

And you can do the same with more than forty other UK and International newspapers, newswires, business magazines and specialist information sources like McCarthy Online, which selects over 500 articles every day from 70 newspapers and journals worldwide.

With PROFILE you can make business decisions secure in the knowledge that you are aware of all the relevant facts, figures and comment.

PROFILE Information is part of the Financial Times Group, taking business information into the 21st Century.

To find out more about PROFILE Information complete the form below and send it to:
PROFILE Information, Sunbury House, 79 Staines Road West, Sunbury-on-Thames, Middlesex TW16 7AH, UK or telephone 0932 761444

OVERSEAS NEWS

Japan's machine tools keep their edge
Ian Rodger explains why a strong yen has failed to dent growth

ANYONE interested in the reasons for the stubborn resistance of Japan's trade surplus in the past year, in spite of the high yen and government efforts to stimulate imports, would do well to study the country's powerful machine tool industry.

In theory, that sector should be one that would respond quickly to economic policies aimed at reducing the trade surplus. The fiscal stimulus would induce manufacturers to boost their capital spending, and the sharp rise in the yen's value would drive cost-conscious corporate treasurers to buy cheaper imported machine tools.

This has not happened. Instead, the fiscal stimulus has turned out to be an enormous boon for the Japanese machine tool industry, making it stronger than ever. The industry's orders in the first 11 months of 1988 soared 44 per cent to ¥894.9bn (\$7bn), with domestic orders largely responsible. Output has come along behind nicely, rising 28 per cent in the same period to ¥798.8bn, again mainly for domestic consumption. Exports rose only 10 per cent to ¥282.1bn. Imports grew a hefty 61 per cent, but in real terms remain a tiny 6 per cent, little more than they were in 1985 when the home market peaked at ¥681.3bn.

Thus, there is no statistical sign yet of any structural adjustment in Japan's machine tool industry. On the contrary, the resurgence of export orders - up 28 per cent in the first 11 months - suggests the industry has largely overcome any disadvantages caused by the rise in the yen's value.

Some economists suggest the stubbornness of the Japanese trade surplus is a temporary phenomenon, caused partly by huge demand for capital goods, including machine tools, in the US and elsewhere. However, the resilience of machine tool exports in the face of the high yen suggests other factors are at work. Exports to the US, for example, were flat in the first half because they are limited by a five year voluntary restraint agreement which has another three years to run.

It is in other markets, where US and West European rivals would be expected to have at least a fair chance, that Japan has made the most headway. Exports to the UK were up 47 per cent in the first half, while those to West Germany were up 4 per cent. In Asia's newly industrialising economies, the Japanese have done even better, doubling exports to Thailand, lifting them 43 per cent to Singapore and 25 per cent to South Korea.

Japanese producers admit that the high yen has hurt their margins on exports, but apparently not too much. "We still make a small profit on exports, but obviously not like in the domestic market," says Mr Kiroku Degawa, chairman of Hitachi Seiki, a leading maker of computer controlled lathes and machining centres.

Meanwhile, they have given no quarter in their huge home market. The Japanese machine tool market is notorious for being more resistant to imports than that of any other industrialised country. West Germany, still the world's largest machine tool producer, imports a third of its consumption. The US and the UK each import about half their consumption, while imports account for about 60 per cent of France's consumption and 32 per cent of Italy's.

Imports in Japan consist mainly of grinding, gear cutting and other specialised machine tools that Japanese makers do not produce. In the broad mainstream of the market - consisting of computer controlled lathes and machining centres - imports remain virtually non-existent. To an extent, this is not surprising.

The Japanese were the first to exploit the commercial potential of computer-controlled machine tools in the late 1970s, developing low cost, high volume production which Western makers have never matched.

However, Japanese industry officials also blame foreign producers for not trying hard enough in Japan. They say foreign companies should set up direct marketing outlets rather than use trading companies.

"When Japanese companies first tried to export, they used trading companies but the service was inadequate and there was not enough volume," says Mr Masahiro Murakami, deputy director of the International department of the Japan Machine Tool Builders' Association. "Nowadays, except for the small companies, all have representative offices in foreign countries. Unfortunately, not many foreign companies are making an effort."

As in other sectors, the Japanese machine tool producers are starting to deal with the trade problem themselves. A few leading companies have established factories in the US and Western Europe and at least two have begun importing machines into Japan from their foreign plants.

Yamazaki, for example, has factories in both the US and the UK. Okuma Machinery Works, another large producer, said it too was planning US expansion, but had no plan to import machines into Japan. Hitachi Seiki, which already has a small plant in New York state, is nearing a decision to build another in Alabama.

It remains to be seen if these efforts are enough to prevent the emergence of fresh trade friction. Western European machine tool industry leaders, frustrated by the continued progress of their Japanese competitors, are already making representations to the EC Commission for protection and support along the lines of that being considered for the car industry. The pressure could prove difficult to resist.



Japanese were the first to exploit the commercial potential of computer-controlled machine tools

As in other sectors, the Japanese machine tool producers are starting to deal with the trade problem themselves. A few leading companies have established factories in the US and Western Europe and at least two have begun importing machines into Japan from their foreign plants.

Yamazaki, for example, has factories in both the US and the UK. Okuma Machinery Works, another large producer, said it too was planning US expansion, but had no plan to import machines into Japan. Hitachi Seiki, which already has a small plant in New York state, is nearing a decision to build another in Alabama.

It remains to be seen if these efforts are enough to prevent the emergence of fresh trade friction. Western European machine tool industry leaders, frustrated by the continued progress of their Japanese competitors, are already making representations to the EC Commission for protection and support along the lines of that being considered for the car industry. The pressure could prove difficult to resist.

I NEED TO KNOW NOW!

I already use online information services Yes No

Name _____

Job title _____

Company _____

Address _____

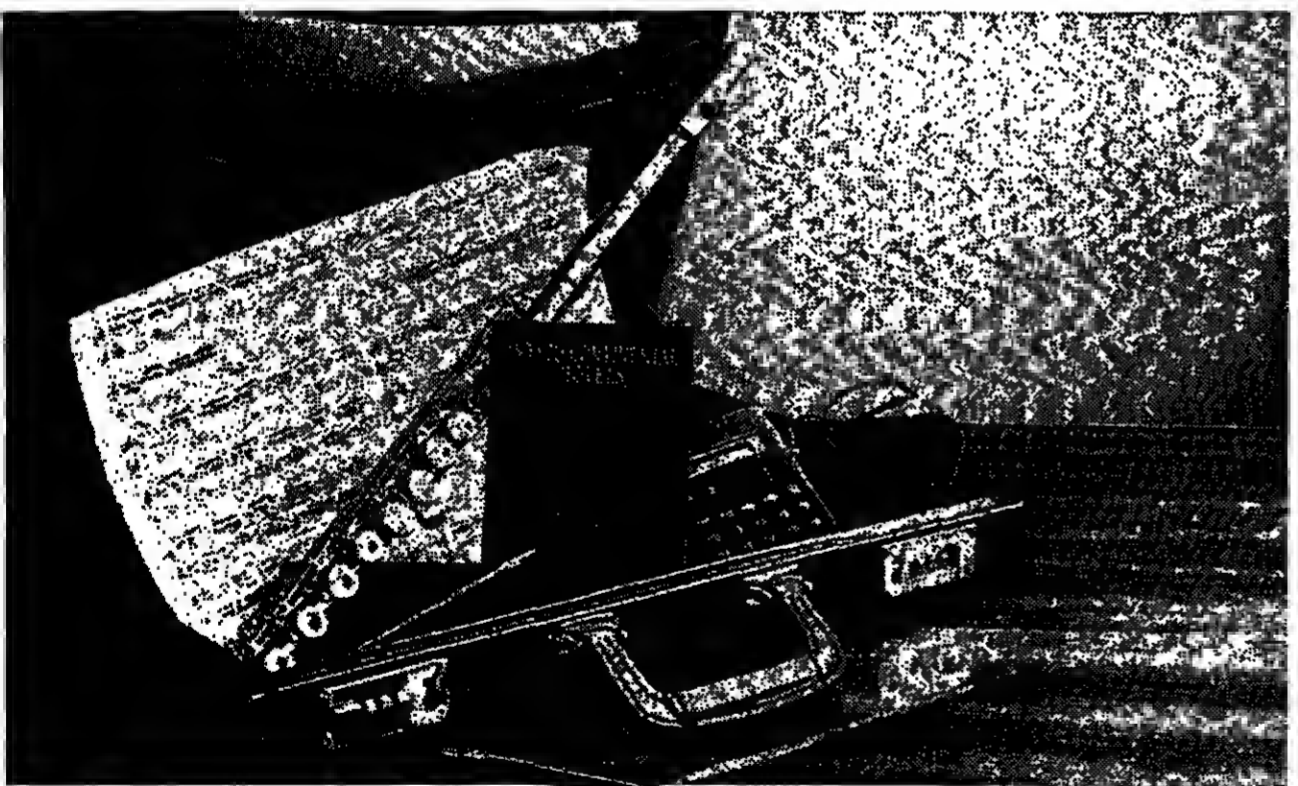
County _____

Telephone _____

My organisation's business is: _____

Signature _____ Date _____

PROF. INFO. **PROFILE** BUSINESS INFORMATION



**CONDUCTING BUSINESS IN PARIS?
HERE'S AN OVERTURE YOU CAN'T REFUSE.**

An offer from Inter-Continental that's music to the businessman's ear.

For a start there are winter rates that appeal in the brass section.

Plus, as an encore, an upgrade to a suite or deluxe room if you stay for the weekend.

WINTER RATES.

LE GRAND HOTEL £89/965 FF/285 DM.

INTER-CONTINENTAL £109/1190 FF/349 DM.

We trust a weekend in Paris at a world class hotel won't harm your performance.

For reservations see the telephone numbers below or contact your travel agent to find how Inter-Continental can help you work, rest and play this winter.

INTER-CONTINENTAL HOTELS

LONDON 741 9000 · REST OF UK 0345 581 444
WEST GERMANY 0130-3955 · FRANCE 19-05-90-85-55

New Issue The information appears as a matter of record only. January 30, 1989

The Sumitomo Bank, Limited
(Kabushiki Kaisha Sumitomo Ginko)
Japan

DM 300,000,000
2 5/8% Convertible Bearer Bonds 1989/1994

- German Security Code No. 486150 -

Issue Price: 100%

Sumitomo Bank (Deutschland) GmbH	Dresdner Bank Aktiengesellschaft
Commerzbank Aktiengesellschaft	Deutsche Bank Aktiengesellschaft
Bank für Sozialwirtschaft AG	Deutsche Girozentrale
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft	Bayerische Landesbank Girozentrale
Bayerische Landesbank Girozentrale	Bayerische Landesbank Girozentrale
BHF-Bank	CSFB-Effektenbank
Bank für Sozialwirtschaft AG	DG Bank Deutsche Genossenschaftsbank
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	J.F. Morgan GmbH
Morgan Stanley GmbH	The Nikko Securities Co., (Deutschland) GmbH
Nomura Europe GmbH	Schweizerische Bankverein (Deutschland) AG
Sumitomo Trust and Banking (Deutschland) AG	Schweizerische Bankverein (Deutschland) AG
S.G. Warburg Securities	Universal (U.K.) Limited
Westdeutsche Landesbank Girozentrale	Yamaichi International (Deutschland) GmbH

UK NEWS

Government will step up spending on law and order

By Peter Norman and Philip Stephens

GOVERNMENT spending on law and order and transport throughout the whole of the United Kingdom will increase at a faster rate than spending on health in the coming 1989-90 financial year, according to Government expenditure plans.

In its Public Expenditure White Paper (policy document) published yesterday the Government declared that spending on law, order and "protective" services such as the fire service will increase by 9.35 per cent to £2.41bn in the year beginning in April.

Health service outlays for hospitals, community health services and family practitioner services are scheduled to rise by only 7.4 per cent to £2.51bn.

The overall bill for health and personal social services, however, is set to increase by 6.8 per cent to £28.77bn in 1989-90 from £26.94bn in the current financial year.

The White Paper, which was released in a new format and without fanfare by the Treasury yesterday, presents the Government's spending plans for the coming financial year and 1990-91 and 1991-92 in greater detail than before.

Although the main outlines of the Government's spending plans have hardly changed since they were published in the Autumn Statement at the beginning of last November, the presentation of spending in the White Paper is given in more varied forms.

Whereas the Autumn Statement categorised spending by Government departments, the White Paper includes a breakdown of spending by function for the whole of the United Kingdom.

The analysis of spending by function is a somewhat different light on planned health service spending in 1989-90 than did Mr Kenneth Clarke, Secretary of State for Health, in November.

At the time of the Autumn Statement, Mr Clarke highlighted planned spending on

Local plans overhauled in council white paper

By John Hunt, Environment Correspondent

A RADICAL change to the town and country planning system in England and Wales - giving much more power to district councils at the expense of county councils - is proposed in a Government White Paper published yesterday.

Mr Michael Howard, Planning Minister, said it was a move to give people greater control over their environment at grass roots level and "another substantial step on the way to a streamlined planning system."

The proposals, likely to be the subject of legislation in the autumn, met a mixed reception. Some critics said that by weakening the counties' role they would remove an essential layer of strategic planning and cause confusion at the district planning level.

The White Paper also disclosed a real decline in planned public sector capital spending next year.

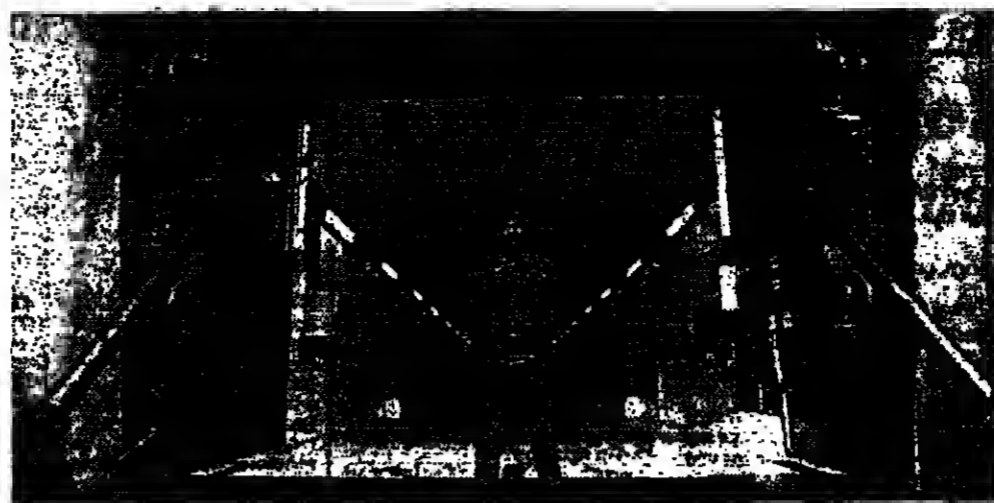
While capital spending is set to increase to £27.1bn in cash terms in 1989-90 from £26.9bn in the present financial year, real spending adjusted for inflation will decline slightly to £24.3bn from £24.4bn.

The detailed breakdown in public spending drew a strong attack from the opposition Labour Party which said that Government neglect of investment was making for a "more congested, polluted, divided and more run-down Britain".

Mr Gordon Brown, Labour's Treasury spokesman, said that the real value of total public sector capital spending would fall by £800m over the next three years, a cut of 4 per cent.

Capital investment in the health service will be among the areas cut, reducing the value of Government spending to below the levels of the early 1980s.

He added that reductions in the budgets for regional aid, for environmental spending and for women showed the emphasis of the campaign now being promoted by Mrs Margaret Thatcher, the Prime Minister.



A US serviceman outside one of the empty Molesworth hangars yesterday

Cruise missile base stands down

UNITED STATES Air Force chiefs yesterday officially marked the end of their cruise missile base at Molesworth, in eastern England.

The 903rd Tactical Missile Wing, which has been responsible for the operation at the

900-acre base, was officially de-activated at a ceremony attended by senior US officers including General Marcus Anderson, Commander of the US Air Force in Britain.

Molesworth's 18 nuclear-tipped cruise missiles were all

removed from the base late last year after the arms agreement reached with the Soviet Union.

Nato chiefs have not yet decided what role, if any, the top security base will now play in its defence plans.

Telecom market liberalisation planned by industry watchdog

By Hugo Dixon

LIBERALISATION of Britain's £1bn-a-year private telecommunications networks market is planned by the Office of Telecommunications, the industry watchdog.

The aim is to boost the fast-growing market for sophisticated services over telephone lines and to create extra competition for British Telecom, which still dominates the industry four years after privatisation.

Private networks are constructed by linking lines rented from telephone operators.

The liberalisation would be the first such move in Europe, where public telephone operators have traditionally kept tight control of what can be done with private networks.

"Any observer of the UK telecommunications markets must be struck by their richness of new ideas, new products and new services," OfTel said in a consultative document published yesterday.

the creativity of many people to be brought to bear and the result is bound to be a strikingly more vigorous market than could be brought about by planning under monopolistic conditions."

OfTel, however, made clear that it had decided on the matter. The burden of proof was on people opposing liberalisation, it said, and their cases would have to rest on "carefully constructed financial modelling."

The liberalisation of private circuits in the US in the 1970s unleashed vigorous competition.

Newcomers rented telephone lines on a wholesale basis from the established operators and then sold capacity to third parties, exploiting the fact that the price of private networks was artificially low.

It does not seem likely that liberalisation will work in quite the same way in the UK, because BT has increased the price of private networks in recent years.

The main impact is likely to be on companies which need private networks and those which use them to provide sophisticated services to third parties - so-called value-added network services.

OfTel is planning to abolish restrictions on using private networks for ordinary conversations.

The industry watchdog believes that the move will encourage companies to enter the market for value-added network services.

At the same time, companies established in the market - which include International Business Machines, the computer company, Renters, the news and financial information agency, and the London Stock Exchange - will be able to offer rival voice services to BT over their private networks.

Further deregulation for business users of public telecommunications systems, OfTel, Atlantic House, Holborn Viaduct, London EC1N 2HQ.

Poor harvests, EC reforms leave farm incomes 25% lower

By Bridget Bloom

BRITISH farming income fell by 25 per cent last year, affected by another year of poor cereal harvests and the continuing reforms of the European Community's common agricultural policy.

Ministry of Agriculture figures yesterday showed aggregate farm income from Britain's 140,000 medium to large farms fell from £1.5bn in 1987 to £1.1bn last year, down 25.1 per cent.

On another measure, the cash flow of farmers and their spouses fell 21 per cent in current prices and 24.5 per cent in real terms.

The decline in income masks big differences between sectors, confirming that, while pig and poultry producers have fared worst and cereal producers are not far behind, dairy farmers have seen their incomes rise.

Dairy farming income rose by some 25 per cent last year, evidence that the introduction of EC quotas on production five years ago has enabled farmers to rationalise production without losing income.

Sheep and beef farmers in the hills, maintained by sustained high support from Brussels, also saw income rise.

However, while the average net income of an English dairy farmer is shown as increasing from £15,200 in the 12 months to February 1987 to £16,500 in 1987-88, the average for cereal farmers fell from £16,400 to £5,000 in the same period - which does not take account of last year's rather poor harvest nor of further price cuts.

Three of the last four harvests have been poor and farmers are being particularly badly hit by the price cuts and other cost-cutting reforms of the EC's farm policy.

The net income of Britain's poultry and pig industries, which are barely supported by Brussels and traditionally cyclical, are shown at record lows.

The Ministry sought to mitigate its findings by drawing attention to Inland Revenue figures showing that on average farmers earned only 50 to 60 per cent of their total taxable income from farming. It produces no new detailed figures, but it is suggested that farmers earn some 45 per cent of total income from other sources. Pensions and investments account for the rest.

Norton seeks pledge over intentions from Bowater

By Andrew Hill

NORTON OPAX, the specialist and security printing company, claimed yesterday that Bowater Industries, the packaging industrial products group, had refused to rule out a bid for Norton within the next year.

The printer said it asked Bowater for the guarantee as part of an increasingly bitter wrangle over the packaging company's 24.4 per cent stake in Norton.

The Takeover Panel yesterday confirmed that it was forcing Bowater to sell 1m ordinary shares - just under 1 per cent of Norton's voting capital. Bowater's purchase of the stake 10 days ago broke the Takeover Code's "substantial acquisition of shares" rules.

However, Samuel Montagu, the merchant bank advising Norton, wants Bowater to cut its stake to below 15 per cent, and the full panel is to meet tomorrow to consider the bank's appeal.

Norton told Bowater it could keep the bulk of the stake, if it promised not to bid within a year. But the packaging group refused to rule out a takeover.

It is still deeply suspicious of Bowater's intentions despite its claim that it intends to be a supportive shareholder.

Hoare Govett, Bowater's stockbroker, acquired about 23.7 per cent of Norton from Mr Robert Maxwell's Bishopscote Investment Trust on January 20 at 170p a share.

Vertical text on the left edge of the page, including "p their edge" and "to dent growth".

Limited
NOW
THE BUSINESS
OUTLOOK
IS EVEN
BRIGHTER
ALL OVER
EUROPE.



Only by flying Club Europe to over 60 European destinations can you be sure to find the same high standards of service and care throughout the continent.
Little wonder, then, that every year more than two million people choose to travel with Club Europe to wherever the demands of business take them.



BRITISH AIRWAYS
The world's favourite airline.

UK NEWS

UK hints at flexibility on Europe merger laws

By William Dawkins in Brussels

BRITAIN yesterday showed new flexibility over long-deadlocked plans for regulations to control European Community mergers, but pledged to fight EC attempts to boost worker participation.

"We are gradually getting there," said Lord Young, Britain's Trade and Industry Secretary, after his first meeting in Brussels with Sir Leon Britan, the recently appointed European Competition Commissioner and a former UK industry minister.

The UK is withholding support for the merger scheme, which would oblige all big cross-frontier takeovers to seek first anti-trust clearance from the Commission.

Lord Young said the timetable for agreement was "slipping towards the second half of this year," an unusually firm suggestion that any accord on mergers is possible from an otherwise deeply sceptical UK Government. He said the main problem was to ensure that mergers did not have to seek double clearance from Brussels and from national competition authorities.

The scheme, which needs unanimous EC support also poses problems for West Germany and France.

The minister criticised another Commission proposal to allow merged companies to incorporate under a European statute, on condition that they guaranteed minimum levels of worker participation. "We want a social Europe, but its not about job protection... it's about enterprise," he said. Britain could not support an EC company statute that included co-determination.

Government suffers defeat on Companies Bill

Political donations may need shareholder backing

By Ivor Owen, Political Correspondent

COMPANIES may have to seek the specific approval of their shareholders for donations made to political parties as a result of a 13-vote defeat in the House of Lords yesterday.

An amendment by the opposition Labour Party to the Companies Bill - carried by 108 votes to 95 - will, if left unchallenged, provide shareholders with an opportunity to oppose political donations.

They would be able to do this without having to vote against the entire annual report and accounts, possibly causing a catastrophic fall in the company's share price.

At least one Conservative backbencher, Lord Morris, joined with peers from all sections of the opposition benches in carrying the amendment.

The Government now has to decide whether to seek to overturn the decision when the Bill is sent to the House of Commons.

Lord Strathclyde, a Government spokesman, urged peers to reject the amendment on the grounds that the existing safeguards were satisfactory.

These required companies to disclose political donations of £200 or more and Lord Strathclyde said this was adequate.

While there was no requirement to secure the prior approval of shareholders for such donations, it was possible for those who objected to raise the matter at the company's annual meeting and their views would be taken into account by the board.

Lord Strathclyde said the Government considered the

amendment to be "wholly unnecessary."

He described attempts to equate the political donations made by companies to the political contributions made by individual trade unionists as a "false analogy."

Lord Borchers (Social and Liberal Democrat) said that the "clandestine way" in which some companies had been making contributions to the Conservative Party made the approval of such an amendment "more urgent than ever."

Lord Morris challenged the Government to explain how it was possible to "square" its objections to the introduction of voting rights for shareholders on political donations with its earlier actions introducing legislation conferring such rights on trade unionists.

NEI plans assembly of W German diesels

By Nick Garnett

NORTHERN Engineering Industries is to assemble and market large diesel engines supplied by Motoren und Turbinen Union (MTU), a wholly owned subsidiary of Daimler-Benz of West Germany.

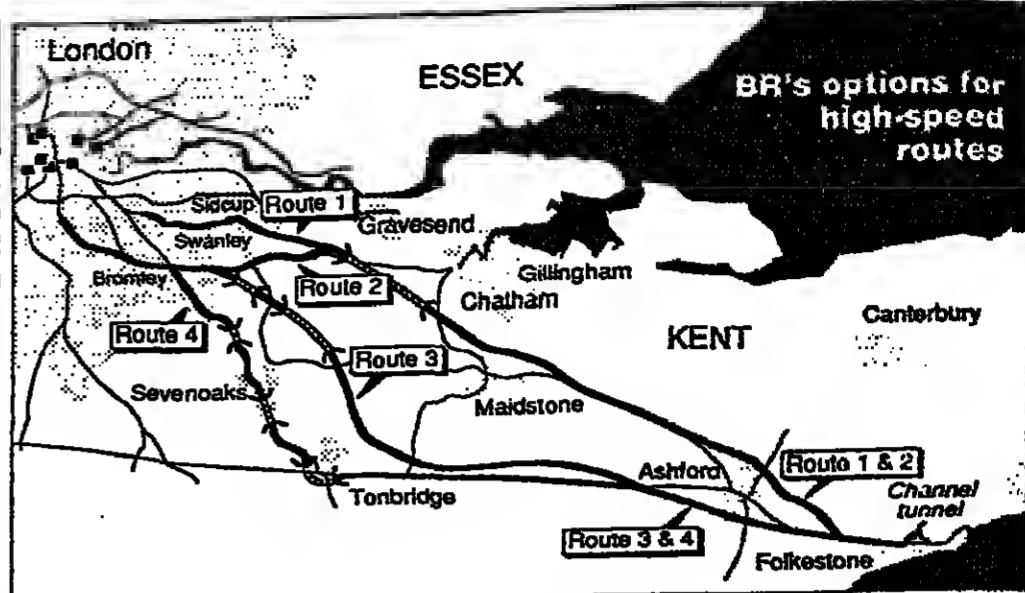
The deal is one of a series of marketing and production agreements negotiated recently by the Newcastle-upon-Tyne based power station equipment and general engineering group. NEI's Crossley Engines company in Manchester, which makes French-designed Piastick engines under licence, will assemble engines initially from components supplied by MTU from its main production plant at Friedrichshafen. NEI said the aim was to build up UK component content.

The agreement signals NEI's interest in breaking into the market for railway diesels.

Crossley, which employs 150, produces engines up to 13,500hp, all of which go into marine applications, usually for the Royal Navy. It is at present building engines for two auxiliary oiler replenishment (AOR) ships. MTU diesels range from 50hp to 10,000hp. NEI said Crossley aims to offer MTU-designed power units to British Rail, as well as to the Royal Navy and other potential users.

The company said it would continue to supply Piastick-designed engines.

NEI has been involved in a number of joint deals recently with other companies. Some analysts say that these agreements strengthen NEI's position in the market place, but indicate that it is becoming a licensee of other people's technology, possibly at the cost of its own.



British Rail takes a local line to sell Chunnel link

Kevin Brown looks at the forthcoming decision on which route the trains will ply across Kent

AN AIR of siege is developing in Mr John Welsby's office on the sixth floor of Easton House, British Rail's recently refurbished London headquarters.

Mr Welsby, BR's international director, has the unenviable task of recommending to the British Railways Board which of three proposed routes through the county of Kent should carry the 180mph trains which will speed passengers to the Channel tunnel.

With only a few weeks to go before his decision is announced, Mr Welsby concedes that "things are hotting up a bit."

Unexpectedly, he draws comfort from Kent County Council's recent response to BR's consultation document, which rejected all three proposed routes, and called for a comprehensive rethink.

The source of comfort is the council's conclusion that BR is right to forecast that it will run out of capacity for international trains on existing track by the mid-1990s, and that new track will therefore be required.

"This is a useful starting point for discussions, because at least they are agreeing with one of our basic premises," Mr Welsby says.

Two premises underlie the BR case for the high-speed link, both have their roots in arguments first put by Mr Alastair Morton, chairman of Eurotunnel, the Anglo-French consortium which is promoting the tunnel.

BR took some time to accept Mr Morton's arguments, but now embraces them wholeheartedly. They are:

- Channel Tunnel trains will have to run on existing track from the tunnel opening date in 1993 until 1996 at the earliest, because it will take that long to build a new line. But on most traffic forecasts, that date coincides with the point at which BR will no longer have sufficient existing capacity to satisfy demand; and
- The chosen route for the high speed link must offer the highest return by catering for both international and domestic trains - though not freight traffic.

This means that it must take the shortest possible route to London, to minimise international journey times, and must also provide for a big improvement in local services.

Some opponents of BR's plans have tried to undermine the case for the line by claiming that it would cut only five minutes from the journey time from London to the tunnel portal, which would pale into insignificance in the context of a three hour journey to Paris. BR dismisses this as "a deliberate misunderstanding" based on a comparison between 180mph running and speeds of 125mph, which would be possible if existing track was upgraded.

In fact, average speeds on the upgraded track on which the first trains will run in 1993 will be 60mph, which means they will take 70 minutes to get to the tunnel. A high-speed track, by contrast, would cut the journey to 40 minutes.

"The rationale for the new infrastructure is capacity, not time related," Mr Welsby says. "We are not doing it to get to the tunnel five minutes quicker, we are doing it because we are going to run out into problems of overcrowding on the domestic Kent operations, and we are going to be limited on the number of trains we can run for international operations."

"But if it is absolutely essential that we build a new line - and it is - then we have to consider the standards to which it is built, and it makes sense to construct it to take high-speed traffic."

Having said this, Mr Welsby makes clear that BR will be putting increasing emphasis in the next two months on the domestic users of the high-speed track - which it hopes will prove a substantial carrot to some people in Kent.

Contrary to some reports, it would not be technically difficult to slot a number of 125mph commuter trains into a pattern of 180mph international traffic.

For example, BR says it plans to run 125mph commuter trains from Ashford, which would cut the journey time to London from around 65 minutes to 35 minutes.

Through trains from Dover, Folkestone and Ramsgate would bring the East Kent coast within an hour of London.

Mr Welsby insists that he is still considering all three proposed routes and angrily denies claims from some of those protesting against the Kent links that route three (see map above), which would have to be built on viaducts through the Weald of Kent, was intended simply as a smoke-

screen. This will come as a disappointment to those, such as Mr Jeffrey Gaylor, planning director of Sevenoaks District Council, who think this route is "on the back burner."

Nevertheless, all the indications are that the chosen route will be a variation on routes one and two.

BR has been severely criticised in Kent for giving insufficient attention to the cost of remedial work to minimise the noise nuisance caused by high-speed trains, and for failing to carry out a detailed environmental impact study of each route.

Some protesters have also claimed that the project's viability could be affected if the cost of environmental protection is so high as to prevent BR earning a return of 7 per cent on capital employed, as required by the Government.

BR's answer is that the cost estimates published alongside the route corridors contain an allowance for environmental protection, though probably not to standards which would satisfy Kent County Council.

This allowance accounts for less than 10 per cent of the estimated costs of £1.2bn for route one, £950m for route two, and £1bn for route three.

However, BR says its cost-figures are only estimates accurate to plus or minus 30 per cent, which leaves plenty of scope for a big increase in environmental spending.

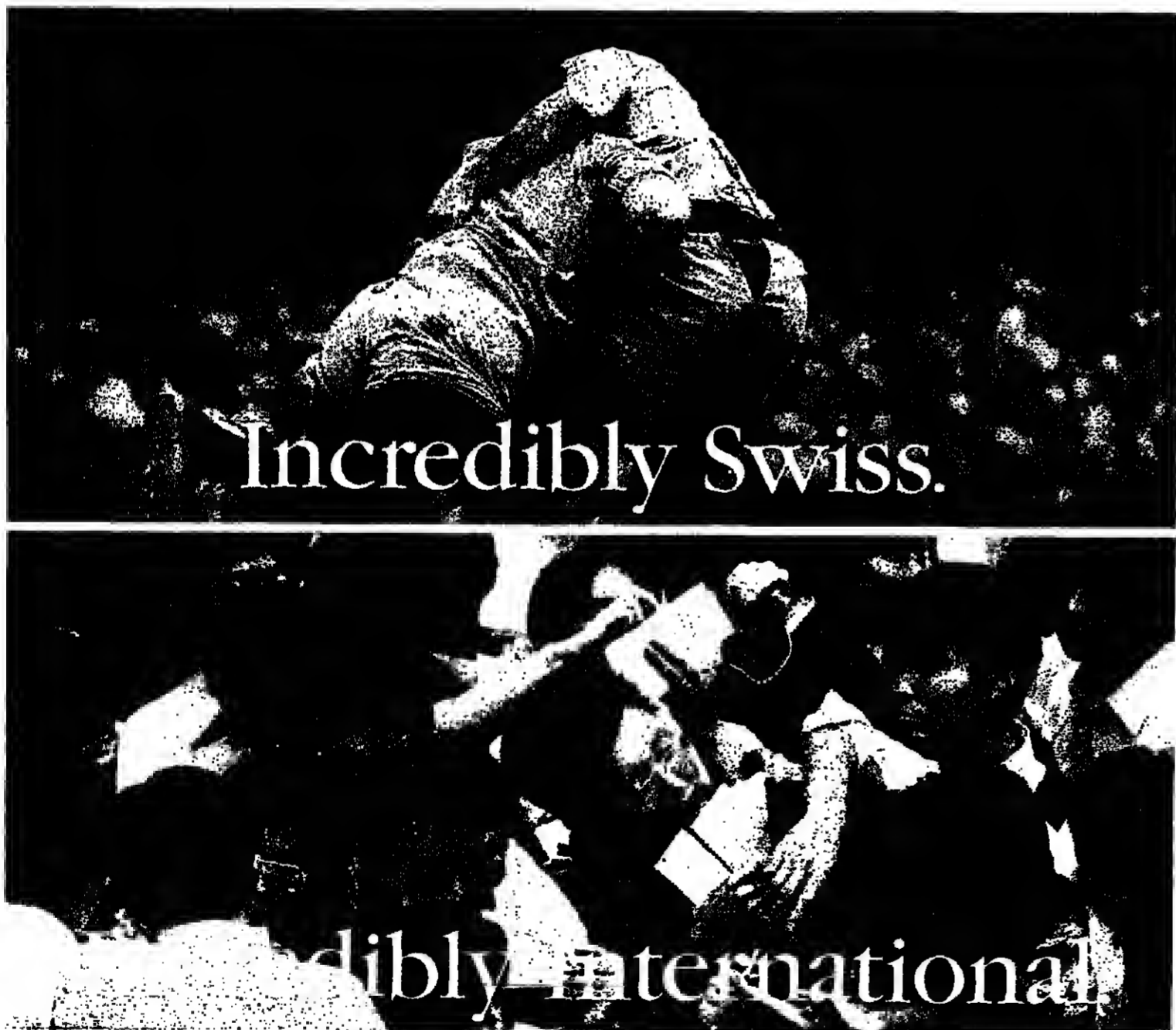
In any event, environmental spending is something of a moveable feast. For example, parts of the track will be built in tunnels or cuttings for operational reasons.

But that will also have the effect of reducing noise nuisance, so the apparent spending on environmental protection could be bumped up by transferring the cost from one heading in the accounts to another.

There is a further point: the line is most likely to be constructed, owned and operated by a private consortium, which would rent track time to BR for both international and local trains.

This would mean that the private sector would take all the risk, and would avoid any requirement to meet a rate of return specified by the Government.

It would also avoid any problems with the Byrle Rules, which govern the use of private finances for infrastructure projects.



Many people insist on the best of both worlds when it comes to financial services. They want a bank that can offer traditional excellence, consistent service quality and cast-iron security. But they also realize that success in today's global financial markets depends crucially on an authoritative international presence. That's why they bank with Credit Suisse. Our solid Swiss virtues are regularly rewarded with a triple-A rating from the

world's most prestigious rating agencies. At the same time we are also a premier player in the world's financial markets. Credit Suisse's activities are closely coordinated with those of the global investment banking group, CS First Boston Inc, in which CS Holding has a substantial shareholding. International strength backed by Swiss tradition means that Credit Suisse can offer you the best of both worlds.

We do more to keep you at the top.



Zurich (Head Office) - Abu Dhabi - Atlanta - Beijing - Bogota - Buenos Aires - Cairo - Calgary - Caracas - Chicago - Frankfurt - Gibraltar - Guernsey - Hong Kong - Houston - Johannesburg - London - Los Angeles - Luxembourg - Manila (Bahrain) - Mexico City - Miami - Monte Carlo - Montevideo - Montreal - Munich - Nassau (Bahamas) - New York - Nuremberg - Osaka - Paris - Rio de Janeiro - San Francisco - Sao Paulo - Singapore - Stuttgart - Tehran - Tokyo - Toronto - Vancouver

BUSINESS DILEMMAS NO 1
FINDING THE RIGHT COMPUTER SOLUTION FOR YOUR BUSINESS



Computer shows take place all year round, but there's only one Which Computer? Show. And with more exhibitors displaying more new products than ever this year, it's the single most important business computer event ever staged in the UK - and the best possible source of really expert advice.

So whether you're a data-processing professional or a first-time buyer, it's the one show you can't afford to miss. Phone now for your free tickets (worth £5 each), or bring this advertisement with you to the show.

There are all sorts of problems - but only one solution

THE WHICH COMPUTER SHOW

REGISTRATION 21-24 FEBRUARY 1989

0792 792 792

*EXCHANGE THIS ADVERTISEMENT FOR YOUR TICKET AT THE CASH SALES BOOTH ALONGSIDE THE SHOW ENTRANCE. NO ONE UNDER 18 ADMITTED. STUDENT PARTIES BY SPECIAL ARRANGEMENT.

MANAGEMENT: The Growing Business

Time and crisis management
'Health, wealth and loads of fun'

Charles Batchelor attends a course on ways of achieving business and personal objectives



Simon Dume, who lives just a 10-minute walk from his office, spends only 4 per cent of his time on leisure activities, while David Roe, who has a gardening and landscaping business, scores a meagre 5 per cent on leisure.

These low leisure scores indicate significant levels of stress and suggest that the course participants are letting maintenance activities "contaminate" much of the time that should be devoted to pure leisure, Badrick says.

Stress, when it does occur, takes many forms. It can show itself as tiredness, aches and pains, a lack of concentration, loss of confidence or a feeling of dread. Which ever it is, it should be taken as a warning symptom, in the same way that pain is a warning of physical damage - that you are doing too much, says Badrick.

She suggests three ways of coping with stress:

1. Accept the situation. An important customer may always pay late. If nothing can be done to persuade him to pay on time, the supplier may have to accept that nothing can be done. Merely taking the conscious decision not to worry any longer but to accept that payment will always be late puts you back in control of the situation and reduces stress.

2. Avoid the situation. Deciding you will do no more business with that par-

ticular customer removes the cause of stress.

3. Solve the problem or change the situation. Remind the customer of your terms of payment in the hope that he will improve his speed of payment. If this fails demand payment in advance.

Hemang Badiani says that discussing business problems with his father, who handles the finances of the pharmacy, leads to a confusion of business and family affairs. He resolves not to discuss business matters at home in future.

Unpleasant, stressful situations are frequently prolonged because the businessperson is unable to take a decision on how best to resolve them. Several of the course participants have delayed sacking members of staff because of the unpleasantness involved.

Difficult tasks should be tackled early in the day. The unpleasant phone call to chase up payment is best made at 8.30 am. You will probably catch the person on the other end off-balance and the unpleasant task will not be hanging over you all day.

Complicated jobs which you tend to put off because they require a lot of time and effort should be broken down into manageable sections. "Dig holes" in the big jobs, says Badrick. Once you have made a start it is easier to plink it up later.

Setting priorities is important if jobs are to be tackled in the proper order. This prevents the unimportant, simple jobs always being done first, pushing the larger, more difficult, projects to the back of the queue. But beware of letting your priorities be dominated by what others regard as urgent. Important jobs are urgent, but not all urgent jobs are necessarily important, she warns.

However much you plan ahead, crises will inevitably arise. Cash flow may suddenly dry up or leave; a key member of staff may die or leave; the landlord may decide not to renew the lease.

When this happens, says Badrick, do not react with the first idea that comes into your head. Stop, think (for 30 seconds, 30 minutes, or 30 hours if necessary) and decide on the order of priorities.

Review the options you should have considered in advance for handling whatever situation has arisen. Then act on what you have decided. Many people plan for emergencies but fail to carry out their plans. Finally, when the crisis is over, evaluate how well you have handled it and if necessary modify your contingency plans for the future.

The course participants leave with a variety of plans for the future. One intends to tackle a staff problem; another to set priorities; several have plans to take a greater amount of leisure. "Plan what possible for crisis," says Badrick. "But accept that there will always be uncertainty and insecurity."

Another course is planned for March 21-23 at LENTA, 4 Snow Hill, London EC1A 3BS, tel: 01-236 3000. Cost £70, but free to those in business for less than a year.

Entrepreneurs
The folk heroes of today

Charles Batchelor reviews a history of some Britain's finest

Britain has created an enterprising business community from fairly barren soil over the past decade. New businesses are being set up at the rate of 300,000 a year; more than 100 new venture capital companies have sprung up and management buy-outs have emerged as a popular method of revitalising tired businesses.

And yet for all the razzmatazz that accompanies the newly discovered enterprise culture, relatively few folk heroes have emerged. How many of the 650 millionaires who have been created by floating their companies on the Unlisted Securities Market are known outside their own industries?

The Americans, it seems, are much better at promoting their business heroes and creating role models. The story of how Steven Jobs and Stephen Wozniak, both barely out of college, founded Apple Computer is perhaps the best known.

Slowly, however, the stories of entrepreneurs who have made it in Britain are starting to emerge. "Entrepreneur: Eight British Success Stories of the 1980s" by Paul Burns and Tony Kipperberger traces the histories of 14 businessmen and women who between them have started eight very successful businesses.

Sophie Mirman and Richard Ross, who set up Sock Shop International, and Bob Payton, the American founder of the My Kinda Town chain of restaurants, have already achieved a fair degree of recognition, helped in Payton's case by his pithy criticism of British attitudes to business.

But others are less well known. There is Cecil Duckworth, who set up Worcester Engineering to make central heating boilers as far back as 1982, and Pamela Gray, founder of Sphinx, a software business. The 14 entrepreneurs have been selected because they have achieved rapid and profitable growth, often leading to a stock market quotation, and because they illustrate a range of industries.

Readers might be tempted to attribute their success to government programmes to help small firms, to changes in the tax regime, to the establishment of the USM. But most of the entrepreneurs would have achieved their goals irrespective of these measures, the authors conclude.

So what makes for success? The authors point to vision, perseverance, a willingness to take risks and a good business idea, but show that there is no set formula. The backgrounds of the chosen entrepreneurs provide no clue to their ultimate success. Only three (Richard Gabriel of Interlink Express, a parcels delivery company, and the two Sock Shop founders) had self-employed parents. The others had either working class or professional backgrounds.

Many people dream of starting up on their own but most need a trigger to get them to act. David Bruce, founder of Bruce's Brewery, grew frustrated with his career prospects with the competitive brewers. Payton faced the prospect of being transferred back from London to New York to a job he did not want.

All the entrepreneurs had

partners, either family or business colleagues. Mirman and Ross were husband and wife, while Arun, Nitin and Milan Shah, founders of Pops, a clothes wholesaler, were brothers. Whereas the family partnerships survived, not all the non-family relationships endured. Payton, Bruce and Duckworth all bought out their original business partners.

Perhaps the most intriguing aspect of success is the personal qualities that are needed. Stamina and the ability to work long hours appear to be an important ingredient. This is allied with tenacity. Gray worked on her business idea for seven months before she got backing, while Robert Wright, founder of Connectair, a computer airline, spent 18 months seeking investors.

The products with which these entrepreneurs made their money were by no means revolutionary. They were just sufficiently innovative to differentiate them from the competition. Interlink Express made imaginative use of information technology to speed up parcels delivery. Sock Shop was based on the simple idea that there would be demand for specialist shops selling socks and tights.

The authors say they hope the book will inspire some readers to make their dreams come true. Some of them may, but others will be more cautious.

For instance, at one recent presentation of the book, Burns and Kipperberger were asked if they were not worried that they might be encouraging their readers to take risks and court disaster.

Macmillan, 288 pages, £12.95.

In brief...

Sixteen of Britain's local enterprise agencies have established computer link-ups to two business databases with the aim of providing a more efficient service to their small business clients.

The agencies will provide access to two University of Strathclyde databases on sources of government assistance on the regulations governing business in Britain.

The agencies participating in the scheme are in Black-

burn, Bolton, Bristol, Cambridge, Doncaster, Milton Keynes, Newcastle upon Tyne (Project North East and ENTRUST), Plymouth, Runcorn, St Helens, Sheffield, Shropshire, Glasgow, Deeside, Merthyr Tydfil and Ogwr.

Britain's third Government Business Shop, intended to give small businesspeople direct access to Customs, Inland Revenue or Social Security officials, has been opened in Manchester.

Further shops will open in the coming weeks in Newcas-

tle upon Tyne, Reading and Doncaster bringing the first phase of openings to six. Shops have already opened in Glasgow and Merthyr Tydfil.

The Manchester shop is based at the city's Small Firms Centre in Deansgate. As well as giving practical help on matters such as registering for VAT and PAYE the centres will have access to the full range of advice and counselling services for small firms.

The first six shops represent a pilot scheme which will be evaluated to see if changes should be made in future.

BUSINESS OPPORTUNITIES

DO YOU WANT TO RUN YOUR OWN BUSINESS?

Would you like to be the Boss?
If you can honestly answer "Yes", then read on.
Are you under 35, energetic and ambitious?
Have you the successful experience to feel confident running your own business?

Could you either

1. Start in competition with your present Boss or
2. Buy out the Boss or
3. Buy a competitor?

If "Yes", FAX your proposal to Peter Whitfield & Bob Tanner at 01 465 0358.

We have backed young men and helped them to become highly successful. Why not you?

ENGINEERING - PRODUCTION AND DISTRIBUTION PROBLEMS?

We are a long established bus and truck unit manufacturer and have spare capacity available in the following areas:

- Assembly and repair of diesel engines, gearboxes, axles and hydraulic units.
- Reconditioning of most vehicle engineering components (differentials, transmission units, injectors, flywheels, electrical and electronic units).
- Painting of large road vehicles of all kinds.

Servicing of commercial road vehicles and passenger vehicles. With facilities throughout the South and South-East, we can assist with your engineering production requirements or indeed with your parts distribution needs.

Depots at: Brighton, Bristol, Birmingham, Canterbury, Chelmsford, Chiswick, Eastleigh, Gatwick, and Northampton.

Contact: W S Laird, Bus Engineering Group Ltd, 566 Chiswick High Road, London W4 3SR. Tel. No. 01 994 7624 Fax No. 01 747 1897

COST CUTTING MEDICAL INSURANCE

This new annual policy provides cover for:

- Oversee hospital bills.
- Temporary sick pay.
- Free-consultant medical costs.

FOR ONLY £74.00 PA (with discounts for spouses in excess of 5 persons). Fully supported by 24 hour worldwide medical assistance services, free overseas. Available to all individuals and their families. Travelling or based outside their home countries. Apply today for the benefits of this revolutionary new form. Home: Sun International Ltd., 193-195 High Street, Acton, London, W3 9DD ENGLAND. Tel: 01-993 6131 (20 Lines) Fax: 01-993 8334 Telex: 99432STRANC G.

DO YOU NEED A COMPUTER CENTRE?

Fully-equipped and secured computer suite. Large air conditioning and UPS systems with support offices and data communications. Easy access to City, self-contained building.

Principals only should write to: Box FB653, Financial Times, 10 Cannon Street, London EC4A 4BY

S.T.G. (SCOTTISH BUS GROUP)

The Financial Information section of a market study carried out for a multi-national on the proposed sale of the Secretary of State for Scotland of the above group (including shipping) is available for £600.00 + V.A.T. Write to Box FB650, Financial Times, 10 Cannon Street, London EC4A 4BY or Tel: 236141 Fax: 01 937 2570

BES INVESTMENT REPAID

If your successful company has a group of BES investors or if you invested in the scheme about 3 years ago, then you are eligible to receive a BES investment by arranging for it to be repaid by a financial institution. Additional capital may be available.

BLACKBORN-MELLSTROM
CHARTERED ACCOUNTANTS

Chartered accountants in England and Wales. 100, Strand, London WC2R 0JH. Tel: 01-479 3444

PR, MARKETING AND COMMUNICATION

Highly experienced PR, marketing and communications professional, having disposed of long standing agency ownership interest, is now free to undertake independent business reporting at Board Forum level. Knows journalism from the inside, and understands and speaks the language of business, advertising, media, and public relations. Creative, collaborative, in planning and budgeting of PR, and associated publishing and marketing projects. Would please experience. Operational section if required.

Write Box FB652, Financial Times, 10 Cannon Street, London EC4A 4BY

MALLORCA & COSTA DEL SOL

Chartered Surveyor with experienced local team can offer selected major property developments in hot climate locations.

Development Capital required in exchange for proven management plus profit shares.

Principals only please write Box FB643, Financial Times, 10 Cannon Street, London EC4A 4BY

INTERNATIONAL COMPANY SERVICES LTD

Incorporates and manages companies in: UK, Ireland, Channel Islands, Turkey, Angola, Cayman Islands, Panama, Liberia, Hong Kong etc., and provides full financial and company secretarial services. Brochures and details of fees from: Sovereign House, Station Road, St. Johns, Isle of Man. Tel: 01624 7181 Fax: 01624 7180 Telex: 62224 ICSGON London Representative: International Company Services (UK) Ltd, 24 Old Broad Street, London EC4A 3DF. Tel: 01-481 4844 Fax: 01-481 4856 Telex: 55047 ICSLON

THE FINEST SALESMAN IN THE WORLD

Bored with retirement after selling out his company requires new challenge. No salary or guarantee required only high commission on products. "Plan what possible for crisis." Only reputable products or services worldwide.

Write Box FB652, Financial Times, 10 Cannon Street, London EC4A 4BY

HARD TO BORROW?

No Credit Check Guarantees Provided

We do not make loans Minimum \$100,000 5-20 years

The Funding Assistance Corp. U.S.A. (212) 755-9400 Fax (212) 755-7339

FREEHOLD PROPERTIES WANTED OFFICE BUILDINGS AND RETAIL OUTLETS VACANT OR OCCUPIED

Immediate cash available to purchase properties outright. Also leaseback or management buy outs arranged on favourable terms.

SYMAL
Specialist Financial Limited

Tel: 01 224 9022 Fax: 01 706 4629

SCOPE

For sales and marketing in the following areas: Perfumes or Skin Care, UK Manufacturer of Natural Cosmetics offers individual rights for many countries, particularly European. Contact National Beauty Products Ltd.

Western Ave, Bridgend Ind. Est. Bridgend Mid Glam CF79, UK. Tel: 01493 6999 Telex: 557700 NBPGBG Fax: 01493 64448

WANTED SALES REPRESENTATIVES

Our Tech. is looking for sales reps/agents to market PS/2 model 30 and VGA chip set.

Contact: Cosmo D'Agostino, Cos Techology Inc., 406-737-3238 Office Tel: 408-737-3238 Tel: 408-737-0888 USA

Electronic Assembly in Greece

We undertake assembly with your parts or ours. Assembly with your components and our designs.

Write Box FB654, Financial Times, 10 Cannon Street, London EC4A 4BY or Fax London (01) 479 3700

COMMERCIAL FINANCE

11% Fixed Interest Mortgage. Dividend Income to 80% of cost. Asset-backed Finance. Commission Free to 100%.

ROBSON RHODES
CONSULTANTS (LONDON) LTD
Tel: 01-479 4142 Fax: 01-479 4143

FINANCE YOUR STOCK

We offer a unique stock finance facility to manufacturers and merchants and are seeking to expand our client base. If you require stock finance apply in writing to: Churchill Merchants Limited, 136 Buckingham Palace Road, LONDON SW1W 9SA. Telephone: 01-750 8428

CHEMICALS

THE PRODUCTION PROMISED IN EUROPE '87

Manufacturer in Kenya with capacity available seeks offers of collaboration and buy back for European market.

Write Box FB655, Financial Times, 10 Cannon Street, London EC4A 4BY

FUNDS AVAILABLE

For expanding businesses and adjoined start-ups, investors have funds and skills to invest. Send business plan to or Contact: VCS, 100, High Street, Ouse, RDP 1D7. Tel: 04971 77999 Fax: 0497 1517

UNIX SOFTWARE

Profitable and well established Unix systems house based within M25 seeks faster expansion through acquisitions, merger, or possible outright sale.

Principals only write Box FB646, Financial Times, 10 Cannon Street, London EC4A 4BY

37,000 mts woven polypropylene + polyester curtain material in 48" 68" + 96" widths £0.75/mtr

Please ring 6282 20821

REQUIRED STOCKING FINANCE

Financial Services Group requires stocking finance for clients. In first instance, send brief details to: Write Box FB655, Financial Times, 10 Cannon Street, London EC4A 4BY

STOCK EXCHANGE REGISTERED REPRESENTATIVES

Our client, a Member of the International Stock Exchange and The Securities Association, is an established stockbroker, specialising in servicing the requirements of private clients. As part of its continuing plans, it is seeking individuals or teams with a proven client base, who are interested in a 50/50 commission sharing arrangement.

Applications will be dealt with in the strictest confidence. Neither party's identity will be disclosed until mutually agreed.

Please write, or call, Suzanne Dobinson at **ROBSON RHODES**

Chartered Accountants

Management Consultancy Division, 186 City Road, London EC1Y 2NU Tel: No (01) 251 1644

Joint Venture Project, Holiday Homes, Spain Costa del Sol

Joint venture project to build 494 holiday homes on a superb site is available. Partner sought with minimum capital three and half million sterling pounds.

For further details contact: International Advisory Group S.A., c/ Jacinto Benavente 3-3-1, Marbella (Malaga) Spain. Tel: 052/821712, Tlx: 79632 Fax: 052/825362

GOLDEN OPPORTUNITY

JUST £100,000 buys a one third share in a luxury residential investment property in Central London worth nearly £500,000.

Tel: (01) 933 9320

NASSAU BAHAMAS

Investment/Partner required for apartment development in prime location. Exceptional profit potential. In the first instance please write to our Attorney: 5 Dumas Square, Higgs & Company, PO Box 1018, Nassau, Bahamas. Telephone Nassau direct 066 223 4782

FRANCE - 1992 INITIATIVE

Englishman in French domicile 3-4 months p.a. could make contacts

Write to: Chalk Services Ltd, 32 High Street, Ipswich, Suffolk IP1 1JL

WANTED COMMISSION ONLY AGENT

Expanding electronic design and manufacturing company seeks a dynamic agent to expand its customer base.

Polystyrene Duglas Ltd, 22, Newark, Stoke POH 7BT. Tel: (0425) 372887

MANAGING DIRECTOR AVAILABLE

Managing Director with top level manufacturing and marketing experience in service and consumer goods industries. UK and Europe, is looking for challenging opportunity to utilize outstanding capabilities.

Please reply in strict confidence to: Box FB647, Financial Times, 10 Cannon Street, London EC4A 4BY

LONDON TOWN INVESTMENTS LTD ENGLISH PLASTICS LTD

Both Names For Sale

Offers to The Kellat Group of Companies, 18 Church Way, 8th, Grosvenor Gardens, London SW1W 0JZ. 01-457 5106

FORMER PLC ACQUISITIONS DIRECTOR

Seeks major equity and executive involvement in an existing or proposed business with demonstrable potential. Substantial funds available for the right people with the right ideas.

Write Box FB656, Financial Times, 10 Cannon Street, London EC4A 4BY

MORTGAGES

On Commercial & Industrial Properties at prime cost 5% down. Interest only. Minimum loan £25,000.

Apply to: HBSCH BERTSCH (UK) Finance Consultants BERKSH (NY) (Financial Services) LTD, 15 Belfry Street, W1 Tel: 01-429 5253 Fax: 499-6429

...kes a local...
...nnel link...
...coming decision...
...cross Kent...

...IGHT FOR...
...PRESS...

...MANUFACTURERS of...
...BUYING OR SELLING A BUSINESS...
...writing capital?...

FOR SALE
by the Joint Administrative Receivers
The Business and Assets of
Winslow Component Systems Limited
(In Administrative Receivership)

The company manufactures connectors for the electronics industry, principally sockets for semi-conductor devices, from a 25,000 sq. ft. leasehold factory in Ebbw Vale, Gwent. The company's plant comprises injection moulding, plastic extrusion and high speed assembly equipment supported by a well-equipped tool room. Annual turnover is projected at approximately £2.4 million. There is a workforce of 79.

For further details please contact the Joint Administrative Receiver,
R. C. Ellis.

Touche Ross
Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: (0222) 481111. Fax: (0222) 482615.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Coopers & Lybrand

For Sale
Plastics Injection Moulders

- Private company
- Turnover approx. £3.2 million
- 100 employees
- Based in the south of England
- Profitable
- Leasehold premises

For further information please contact:
Sean Pacey (01-822 4700)
or Viv Letchmore (01-822 4682)
Alternatively, please write quoting reference PC338 to:
Coopers & Lybrand, Furness Court
London EC4A 4HT

CORPORATE ACQUISITIONS & DISPOSALS SERVICE

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

WE KNOW SOMEONE WHO'D GIVE A LOT FOR A BUSINESS LIKE YOURS

As a leading merchant bank Hill Samuel is well placed to help you sell your company.

We can give you a professional valuation of your business so you'll know what to expect.

We will confidentially seek out suitable buyers. We will also ensure that you get the best possible price.

Furthermore, Hill Samuel will assist you through the final intricate negotiations - to overcome the inevitable problems and to obtain the best possible terms for you and your business.

If you'd like us to help you sell your company, efficiently and discreetly, contact Dominic Collier on 01-628 8011.

HILL SAMUEL
MERCHANT BANKERS
HILL SAMUEL BANK LIMITED 100 Wood Street, London EC2P 2AJ.
A Member of The Securities Association

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
Michael Jeffrey Isaacs FCA and David Swaden FCA
in the matter of
WHEADON AND ARBUTT LIMITED

Wheadon and Arbutt has traded as wholesale and retail plumbers' merchants in Manchester for over 70 years. It also has a modern bathroom showroom, supplying up-market suites direct to the public. Turnover for the year ended 31 May 1988 was in excess of £1.7 million. Offers are now invited for the business and assets of the company.

Enquiries to: M J Isaacs FCA

LEONARD CURTIS

Chartered Accountants
3rd floor,
Peter House, Oxford Street,
Manchester M1 5AB.
Tel: 061 236 1955 Fax: 061 228 1925.

FOR SALE
WAREHOUSING, STORAGE AND DISTRIBUTION
An established company with a current turnover of £750,000.

Operating from leasehold premises in the North, the Midlands and the south of England. Total warehousing area approximately 28,000 square feet.

Turnover in 1989 will be in excess of £1 million.

Principals only should apply in writing and enclosed latest audited/published accounts to: Martin F Drake FCA, Business to Business Sales & Acquisitions Limited, Fireways House, William Road, William, Letchworth, Herts SG8 2AA. Facsimile 0462 480888.

Member of the Financial Intermediaries Managers & Brokers Regulatory Association

FOR SALE
American parent company seeks organisation to promote and operate its interests in the UK. Unique retail business concept with 25+ units successfully operating in the United States and proven in the UK with 1 yr old showcase unit included in the transaction. Strong marketing group or individual with up to £250,000 finance available needed to realise the full potential. Sale by acquisition of equity in established UK associated company.

Write Box H4371, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE
South Coast based high quality colour reproduction Trade House with important national clients, particularly in the packaging industry. For details please reply to:

Box H4382, Financial Times, 10 Cannon Street, London EC4P 4BY

Coopers & Lybrand

For Sale
Specialised Engineering Business (North West)

- Manufacturer of industrial machinery and transmission equipment. Turnover £4 million, profitable.
- Quality products, specialist skills and machinery.
- Healthy spare parts activity in support of several thousand machine installations worldwide.
- Scope for expansion.

For further information please contact:
Sean Pacey (01-822 4700)
Alternatively, please write, quoting reference PC338 to:
Coopers & Lybrand, Furness Court
London EC4A 4HT

CORPORATE ACQUISITIONS & DISPOSALS SERVICE

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Homer Pressings Limited
(In Receivership)

Opportunity to acquire the business and assets of Homer Pressings Limited a supplier of pressings primarily to the automotive industry. The company has a turnover of approximately £2m and order book of some £200,000 and is situated in Walsall, West Midlands close to the M6.

Assets available for sale comprise:-

- Long leasehold property,
- plant and machinery (presses up to and including 500 tons)
- stocks and work in progress,
- order book.

For further information please contact the joint administrative receivers at the following address:-
John F Powell and Christopher J Barlow
Cork Gully
43 Temple Row
Birmingham B2 5JT
Tel: 021-236 3986
Fax: 021-200 404
Telex: 337892

CORK GULLY is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

CHESHAM.
WE REALISE WHAT YOUR BUSINESS IS WORTH.

As the leading merger brokers in Britain, we are in a unique position to provide the most appropriate buyer for your business.

We aim to be in regular contact with the chairmen of the acquisitive PLCs who are looking for successful private companies worth between £500,000 and £25m.

So, if you're thinking of selling your business, contact our Managing Director for a confidential discussion about its real worth.

CHESHAM AMALGAMATIONS
Because you only sell your business once.

Chesham House, 2 Bentinck Street, London W1M 6JX.
Telephone: 01-935 2748
FRENDA

THINKING OF SELLING YOUR BUSINESS
OUR OBJECTIVE IS TO PROVIDE A SUITABLE BUYER FOR YOUR BUSINESS

We specialise in the following areas:

- ENGINEERING
- ELECTRONICS
- MINING
- TIMBER
- MANUFACTURING FOR THE DIY TRADE.

We are in constant contact with Private and Public Companies who seek expansion. If your company has a turnover range £400,000 - £30m we are interested to hear from you. All information disclosed to us will be treated in total confidence.

Tel: 0923 82636
GLOBAL BUSINESS TRANSFER LTD
36 THE RIDGEWAY, RADLETT, HERTS WD7 8PS

PROFITABLE MAIL ORDER COMPANY

Our long-established San Francisco based mail-order company is available for sale. Our current sales are approximately \$10 million per year and we are correspondingly profitable. We issue mail-order catalogs, direct mail promotions, and carry an extensive schedule of media advertising. We also have a substantial wholesale business and syndication contracts with major merchandisers and credit card organizations. Most of our merchandise is exclusive and imported directly. Our house list is 300,000+ current customers. We have competent and loyal staff. Continuity of management is assured. We consider outside sale in order to expand current activities and entry into new markets. Our business would be of special interest to companies that could benefit by the "synergism" of our direct marketing and syndication expertise. Sale by our customer base, and by our being able to plug into the buyers marketing organization.

Please direct serious inquiries, by decision-making executives only to Mail Order, P.O. Box 590359, San Francisco, CA 94159.

KABE (WINDOWS) LIMITED
(In Receivership)

The joint administrative receivers offer for sale the business and assets of KABE (Windows) Limited an established manufacturer and installer of aluminium frame windows and curtain walling for industrial, warehouse and office premises supplying directly to builders. The company has a turnover of approximately £2m and employs 30 people trading from leasehold premises in Garrets Green, Birmingham.

Assets available for sale comprise:-

- leasehold property,
- plant and equipment,
- fixtures and fittings,
- motor vehicles,
- contracts in progress
- order book.

Enquiries should be directed to the joint administrative receivers at the following address:-
John F Powell and Ian H Carruthers
Cork Gully
43 Temple Row
Birmingham B2 5JT
Tel: 021-236 3986
Fax: 021-200 404
Telex: 337892

CORK GULLY is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Lada Main Dealerships
Business and assets of Group Western Ltd and Body Perfect Ltd for sale on going concerns:-

- Modern showrooms and garage leasehold premises in West and North London
- Large stock of new and used cars
- Servicing and finishing facilities
- 28 employees

For further details please contact the joint administrative receivers:
Ipe Jacob or Neil Cooper

ROBSON RHODES
Chartered Accountants
186 City Road, London EC1V 2NU
Telephone: 01-251 1844 Telex: 885734 Fax: 01-253 4629
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

ATTENTION
BIDDING ESTANCIA CAMERON
UNIQUE IN THE WORLD

97,158 HECTARES TO BE SOLD WITH ALL ITS CONSTRUCTIONS, MACHINERY, VEHICLES, 61,072 HEADS OF SHEEP, 1,948 HEADS OF CATTLE, 304 HORSES AND 31,222 HECTARES OF FORESTS GREAT PART SURROUNDED BY SEA, EXCELLENT POTENTIAL IN INDUSTRIAL FISHERY, FORESTRY, TOURISM.

FOR MORE INFORMATION APPLY TO "ERRAZURUZ & CIA. LAWYERS", 125 MACIVER STREET, 16 FLOOR, STGO. CHILE OR TO VICTOR MORAGA AJOY ASSOCIATES 817 ROCA STREET OFFICE 66 PUNTA ARENAS CHILE. OFFERS WILL BE OPENED ON THE 30 TH OF MARCH 1989.

MINIMUM PRICE US\$ 10,000,000

CAMERON A GOOD INVESTMENT

FOR SALE
Cellular telephone subscriber base. With service provider status.

All enquiries to
Box H4358, Financial Times,
10 Cannon Street, London EC4P 4BY

SPECIALIST FREIGHT FORWARDER
Progressive freight forwarder based near Heathrow, established for over thirty years.

Profits £¼ Million on turnover of £4 Million. Owners wishing to sell with the benefit of continuing well established management team.

Excellent prospects.

Write in strictest confidence to MENZIES, Chartered Accountants, Ashby House, High Street, Walton-on-Thames, Surrey KT12 1BW

FOR SALE PETROL FILLING STATION DEVELOPMENT SITE
Corner site of extensive frontage to Southernly by-pass of major North Cheshire town, with potential throughout in excess of 800,000 gallons per annum. Offers invited in the £300,000

01-629 2713
Henry Berney Rowland & Partners.

FOR SALE
Textile Spinning Company

This well established company is based in the north of England, specialising in the manufacture of cotton yarns; has an annual turnover in excess of £10.0m, with pre-tax profits of over £1.0m.

For further details write to: Box H4384, Financial Times, 10 Cannon Street, London EC4P 4BY

LEADING RECRUITMENT CONSULTANCY
Specialising in executive financial appointments in the corporate sector, working on a retained basis with a quality and fast expanding client base, excellent profitability and potential, seeks to be acquired by a quoted synergistic Group as part of its corporate strategy and development.

Write Box No H4375, Financial Times, 10 Cannon Street, London EC4P 4BY

THE DAVIES MAGNET GROUP LIMITED
(In Receivership)

Offers are invited for the business, assets and goodwill of this Corby based company as follows:

The major businesses of this company are as follows:

- The manufacture of Electric Vehicles - Approximate Annual Turnover - £1.8 million
- The manufacture of fifth wheel couplings - Approximate Annual Turnover - £1.2 million

For further information, please contact the Joint Administrative Receivers, F.E. Adkins or J.M. Birch, Grant Thornton, Kennedy Tower, St. Chad's Queensway, Birmingham B4 6EL.

Telephone 021-236-4821
Telex 337855 GT BHAM G
FAX 021-236-0257

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Grant Thornton
CHARTERED ACCOUNTANTS

DAVID GARRICK
J.F.

PLUMBERS MERCHANTS

We are retained to sell a company acting as plumbers merchants in Southern England.

- Established management team & organisation
- Owner acts as non-executive chairman
- Turnover £7m, growing steadily
- Adjust PBT £600,000, increasing
- Freehold premises also available if required.

For details, please write to:
Geoffrey Dalton

DAVID GARRICK
1 de Weldon Court
85 New Cavendish Street
London W1M 7RA
Tel: 01-631 0659
Fax: 01-436 4311

SPECIALISTS IN ACQUISITIONS & DIVESTMENTS

Business for Sale
Fairlight Instruments

Involved in the manufacture and worldwide distribution of computerised musical instruments and computerised video instruments.

The company's products are very highly regarded throughout the world. Many popular music records, film soundtracks, television soundtracks and advertising jingles are composed using Fairlight equipment.

Enquiries to be directed to Greg Hall or Barry Cook.
Closing date for receipt of offers, Wednesday 8th February 1989.

c/o: Price Waterhouse, 201 Kent Street, Sydney, NSW AUSTRALIA.
Telephone: (2) 256 7088. Facsimile (2) 256 7177.

Price Waterhouse

Merger - Acquisition - Sale

Company manufacturing range of weatherproof clothing for industry and leisurewear wishes to discuss possible expansion opportunities. Based in North West, company has ample production and design facilities and annual turnover in excess of £1 million.

For further information please contact:
F.W. Taylor, Arthur Young, Silhouette Court, Tithenham Street, Liverpool L2 2LE.
Telephone: 051 236 8214. Telex: 629179 AYL.
Fax: 051 236 0258

Arthur Young
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Miller

SUPERIOR COUNTRY HOUSE HOTEL.
- SOUTH COAST ESTUARY

Lux. 13-bed hotel, swimming pool, gym Tennis Court. P/F for 6 det. cottages, 3½ acres, O/P for det. 4-bed cottages. A beautiful house with income and tremendous development potential. Freehold - £25,000 SAV. H.609. SOLE AGENTS.

Mansion House, Truro TR1 2RF. Tel. (0872) 74211

Handwritten text at the bottom of the page.

Just occasionally, even a Tandon 386 goes down.



March 31st. It will pay you to engrave that date in your memory immediately.

Because that's when our 386 goes back up again. (To a highly reasonable £2,399.)

So to get it for a remarkable £1,999, you'll have to be a pretty fast operator.

Quick enough to appreciate the awesome power of the Tandon 386.

Fully compatible, it's complete with 40 MB hard disk drive, true 32 bit memory, 16 MHZ clock speed, monitor, keyboard and operating system. **Tandon 386**

Call us today for your information pack and details of your nearest dealer, any time day or night, free, on this phone number: 0800-800-486.

Remember, the offer ends March 31st. And we all know what the next day is, don't we? **0800 800 486.**

All prices are exclusive of VAT. Tandon Computers (UK) Ltd., Redditch, Wores. B97 4BR.

Rumblings on the Rock

THE PLANNED pull-out of a British infantry battalion from Gibraltar, roughly half the strength of the total UK garrison on the Rock, was bound to provoke protests by the local population. Though the move has been presented by British officials as motivated entirely by military and economic considerations, the future status of the Rock is such a sensitive issue for Gibraltarians that any reduction of the British presence will appear to them as politically inspired.

Sincere pledge
The British Government is, no doubt, sincere in its pledge not to hand over Gibraltar to Spain against the will of the Gibraltarians. But that does not mean that it is the wish of the UK to hold on for ever to what is described by Spaniards as "the last colony in Europe". Such a policy might have made sense as long as Spain was governed by a Fascist dictator, but since its espousal of democracy, its entry into the European Community and its confirmation of Nato membership, the permanent retention of Gibraltar by Britain has become a much more questionable proposition.

The politics of land use

YESTERDAY'S British Government White Paper on the Future of Development Plans in England and Wales is a middle. The disposition of land could be left to the market, or it could be a matter for central or local Government. In Britain it is a little of each.

Broad-brush plans
The principal simplification is to be a removal of the power of county councils to make structure plans. Detailed plans, showing what may be built where, will in future be the responsibility of district councils. The counties will be restricted to the production of broad-brush "statements" of planning policies. This should certainly streamline the system. It takes some 26 months, on average, to alter or replace a county structure plan; the theory is that all that delay will be swept away. What remains to be demonstrated is whether the smaller district authorities will all have the expertise necessary to produce detailed plans of their own. Under the existing system only 57 out of the 393 non-metropolitan district councils have pro-

BUDGET 89

What a difference a month makes. When Mr Nigel Lawson and a small team of Treasury ministers and top advisers met at the Chancellor's official weekend residence at Dorneywood, Bucks, early this year they had only the most tentative evidence of the hoped-for slow down in the British economy.

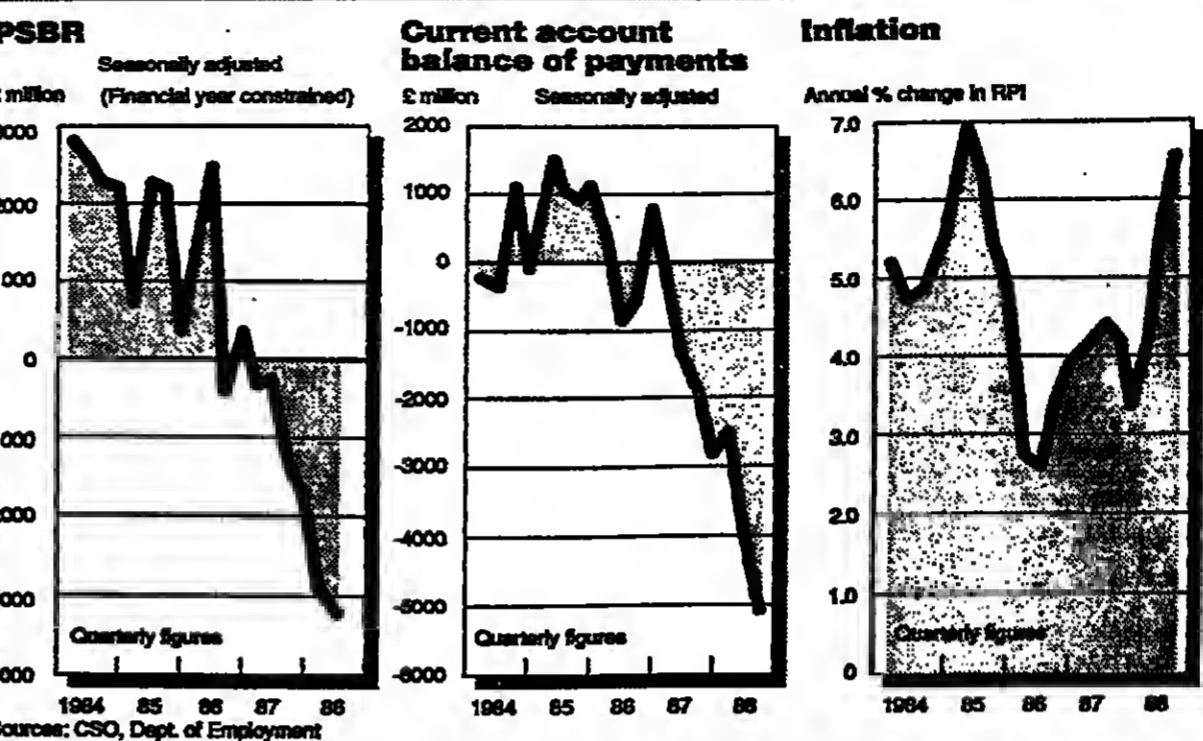
Economic loss
Gibraltar does stand to lose some economic benefits from the departure of part of the UK garrison, given that the Ministry of Defence employs some 12 per cent of the workforce and is estimated to generate about 18 per cent of the Rock's income. But Gibraltar is not devoid of alternative resources. Tourism has expanded by leaps and bounds since the opening of the frontier in 1989 and the Rock has become the main centre for financial and other business services.

Local taxation
This is perhaps understandable in view of the Government's policies on local taxation. The new community charge will be a per-head tax. New domestic properties will no longer add to property tax revenue, since the latter is to be abolished. Business rates will be subject to a national uniform business rate. Whatever is extracted from developers in the form of "planning gain", there is bound to be a cost to the national taxpayer arising from every new local development.

Peter Norman introduces a series of options for Britain's Budget, now six weeks away

Austere outlook, cheery Chancellor

The Lawson years



and a testimony to the Government's various "supply side" reforms. Strong economic growth of around 5 per cent last year and impressive output and productivity gains in manufacturing industry have accompanied a sharp drop in unemployment. The seasonally adjusted 2.04m total in December was the lowest level since March 1981.

boom is vitally important for the Government's plans. Three years of rapidly rising real wages and house prices encouraged people to move house. The process fostered an illusion of wealth, stimulated demand for consumer durables, boosted borrowing and released into the economy as much as £15bn of cash in 1988 alone through "equity withdrawal" from the housing market.

Available evidence suggests that Mr Lawson's high interest rate policy is not yet seriously hurting industry. Although the January CBI survey of business opinion registered a downturn in manufacturers' optimism for the first time since summer 1986 and chronicled growing concern about export prospects and the strong pound, it also showed that industry plans to maintain its present high level of investment. The CBI also endorsed the Government's anti-inflationary drive.

Women on women

Women's Day at India House in London: Margaret Thatcher unveiled a sculpture of Indira Gandhi, and a very moving occasion it was.

Young Castro

Fidel Castro is going back to his old love. In the midst of another multi-hour speech at the weekend, the Cuban leader suddenly glanced at his watch and announced that he would have to stop because a big baseball game was about to begin.

Almost Texas

The new Venezuelan Government is beginning to behave a bit like the old Shah's regime in Iran when it comes to hospitality. No less than 18 heads of state and eight heads of government have been invited to the inaugural celebrations for President Carlos Andres Perez this week, and a host of other figures like Willy Brandt, the former West German Chancellor, besides. There will also be around 500 journalists, whose travel and board will be fully paid by the Venezuelan state.

Any old ties

Gloves & Hawkes, the Savile Row tailors who 20 years ago had the Beatles recording a rock session on a near-by roof, again claim to be breaking new ground. They have installed a dry cleaning unit - run by Liffman & Co. - on the premises, the theory being that you can have your existing clothes cleaned while ordering new ones.

Full circle

Rosalind Gilmore has had a pretty illustrious career since she left the Treasury, where she was once a very articulate press secretary and head of the Financial Services Division. She had a spell at Dunlop, as part of the early wave of civil servants moving into the private sector, and left before the company got into difficulties. She became director of

Table talk

Ovachnick: "I wonder what male oysters eat when they feel they need a bit of a boost."

Women on women

Women's Day at India House in London: Margaret Thatcher unveiled a sculpture of Indira Gandhi, and a very moving occasion it was.

Young Castro

Fidel Castro is going back to his old love. In the midst of another multi-hour speech at the weekend, the Cuban leader suddenly glanced at his watch and announced that he would have to stop because a big baseball game was about to begin.

Almost Texas

The new Venezuelan Government is beginning to behave a bit like the old Shah's regime in Iran when it comes to hospitality. No less than 18 heads of state and eight heads of government have been invited to the inaugural celebrations for President Carlos Andres Perez this week, and a host of other figures like Willy Brandt, the former West German Chancellor, besides. There will also be around 500 journalists, whose travel and board will be fully paid by the Venezuelan state.

Any old ties

Gloves & Hawkes, the Savile Row tailors who 20 years ago had the Beatles recording a rock session on a near-by roof, again claim to be breaking new ground. They have installed a dry cleaning unit - run by Liffman & Co. - on the premises, the theory being that you can have your existing clothes cleaned while ordering new ones.

Table talk

Ovachnick: "I wonder what male oysters eat when they feel they need a bit of a boost."

TYNE & WEAR

JANUARY SALE!!

100% OFF

The opportunity for profitable expansion has got to be the greatest bargain of all time. In the South, prohibitive costs make it an almost unattainable goal. In Tyne and Wear it's an everyday occurrence. You'll need expert help to make it happen, of course. Which is where Tyne and Wear Development Company comes in. We're a specialist development agency with a reputation for achieving the impossible. Like the interesting little bargains offered every day. (091) 415000 and talk to Terry Gorman. You'll be glad you did.

Contact Terry Gorman (Marketing) (091) 415000
Usworth Hall, District 12, Washington, Tyne & Wear NE39 3HS.

Handwritten text at the bottom of the page.

LETTERS

Tarted up

From Mr Howard Knight. Sir, David Lawson correctly draws attention ("Shake-up planned for home improvement grants" January 26) to the...

work is likely to come to legitimate building companies, since owners are more willing to pay for refurbishing...

CGT applied to house sales

From Mr George Weir. Gratuitous advice to the Chancellor centres around restraining excessive investment in housing...

on personal portfolio investment and on the purchase and sale of a home while bringing home ownership into the capital tax net...

UK university funding

From Mr Martin Thomas. Sir, According to the committee of vice-chancellors and principals (CVCP) the pay of UK university lecturers now stands at less than 80 per cent of its value a decade ago...

democratic staff, this would match the request to Government from the CVCP, and end the current bizarre situation...

members have tried a variety of ways, short of direct action, to persuade Government of the damage being done to universities...

Court, is now beginning to speak out on this matter. I hope their colleagues attached to other universities will follow suit...

Lapdogs come too expensive

From the President, Association des juristes d'entreprise européens. Sir, in general I would agree with A.H. Hermann's legal column (January 16)...

Magnetic attraction

From Mr Andrew Beaton. Sir, Your comments regarding the proposed management buy-out of Magnet ("The magnetic lure of the buy-out" Lex column, January 26) are, I believe, misplaced...

Acceptance at a touch

From Mr Nicholas Dee. Sir, I was pleased to see your legal correspondent's remark (January 19) that staff lawyers are shedding their status as "unapproachable"...

Tourist costs in Jordan

From Mr James Smith. Sir, Alas, my friend Rami Khouri's anticipation (December 20) that "holidays in Jordan would become less expensive for foreign tourists" is far from correct...

Old roots may begin to sprout again in Yugoslavia

From Mr Nenad Grisogono. Sir, Your resplendent leading article, "A Balkan House of Cards" (January 11), may not, after all, be as realistic as it may at first look...

try, with unforeseen consequences for the stability of the area and eastern Europe which, in turn, may adversely affect East-West relations...

particularly acute forms in Yugoslavia. It would be therefore wrong if the West were to disinterest itself in its fate...

to build. The celebration of the 70th anniversary of the creation of Yugoslavia on December 1 1918 in Serbia, and the lengthy interview of the pretender, Crown Prince Alexander, published most recently in Mladina, Ljubljana, and Star, Zagreb, seem to indicate that there is a general desire to go back to more traditional forms of government...

FOREIGN AFFAIRS

How history judges the revolution

Edward Mortimer recalls his experiences during the Iranian overthrow and questions its place in posterity

It will be exactly 10 years tonight since Ayatollah Khomeini, accompanied by a small group of aides (most of them now either dead, disgraced or back in exile), a large group of journalists and a volunteer Air France crew, took off from Paris to fly back to his country...

Almost anyone in Tehran in February 1979 must have been left with the impression of having witnessed an epoch-making event

more obvious relevance to my subsequent career such as original languages or economics, or even journalism. I do not think in so doing I shall win any plaudits from my former tutor, Richard Cobb, who has always had a healthy distrust of grand theories of history...

symptoms of Revolution with a capital R.

So was the ferment of excitement that it provoked throughout the Islamic world; and the war to the death in which, within two years, it became embroiled with its immediate neighbour, mixing ideological and national rivalries...

But did it in fact bear a revolutionary message of world-wide import, a message destined to dominate the political thought of the next century, as by and large those earlier revolutions did? Here Mr Bannerman seemed on much stronger ground.

The Khomeini message is unashamedly reactionary: it reasserts traditional values and offers the rule of Imam Ali (AD 658-851) as a political model. Moreover, it has failed to "take" Iraq's Baathist regime, even with an army whose rank-and-file is mainly Shiites...

Remember, too, that new ideas with revolutionary force have often sprung from the attempt to realise a utopian vision of the distant past: England before the Norman Yoke, or the Rule of the Saints; the Republic of Virtue, based on ancient Rome; Primitive Communism, before the division of labour...

Invest in the Dodo Gold Coins of Mauritius. The value of gold has never been in question. Nor have the experience and craftsmanship of England's world famous Royal Mint. Now, the Bank of Mauritius has brought both together with the issue of four magnificent gold bullion coins. This marks the first occasion that the beautiful island of Mauritius has issued Dodo gold coins...

John Foord

FINANCIAL TIMES

Tuesday January 31 1989



Ernst & Whinney opens Moscow accountancy office

By Richard Waters in London

A WESTERN accountancy firm has set up shop in Moscow for the first time since the Bolshevik revolution.

Ernst & Whinney, one of the Big Eight international firms, opened in the city at the end of last week after a formal ceremony in Moscow's Hall of Human Achievements.

The office is expected to employ about 50 accountants and consultants when fully staffed and is a joint venture with Vnesheconsult, a Soviet management consultancy.

Western companies as clients already and as many more "in the pipeline", says Mr John Howell, director of the firm's Eastern European division.

No repeat fees for the Iran-Contra show

Lionel Barber explains why the trial of Oliver North may not live up to expectation

OLIVER NORTH, the retired marine lieutenant colonel and White House aide at the centre of the Iran-Contra scandal, goes on trial today in Washington DC.



Reagan's hero: Lt Col Oliver North delivers the keynote address to the graduating class at Liberty University last May when he faced 16 charges relating to the Iran-Contra arms scandal

Anyone expecting a repeat of the televised spectacle 18 months ago, when Col North's self-righteous patriotism cowed a congressional committee and polarised the American public, should be forewarned: this is a trial likely to be marked more by anticlimax than courtroom drama.

What once promised to be a comprehensive indictment of high government misdemeanour has come down to 12 felony counts, ranging from the shredding of documents to the use of small amounts of money and gifts which Col North received while attached to the White House.

Justice Department ordered the documents withheld on national security grounds, the Government's case largely collapsed, a victim of the basic constitutional right of an accused person to defend himself fully and in public.

Critics believe the prosecution - led by Oklahoma-based attorney Mr Lawrence Walsh - should have foreseen this legal impasse long ago.

Mr Walsh, during a distinguished career going back to the 1930s, has successfully prosecuted villains ranging

from Nazis to Mafia. In the Iran-Contra inquiry, his basic goal was to show that Col North and his co-conspirators defrauded the US Government of money to which it was entitled as a result of arms shipments to Iran, and then attempted to cover up their actions.

President Reagan authorised the Iran arms sales in 1985-86 in a largely futile and politically inept effort to free American hostages held in Lebanon. Col North overcharged the Iranians and funnelled the profits into several secret operations, including bankrolling the Contras during a congressional ban on military aid.

So much for the legal niceties; now for the more mundane political considerations in the case.

When the Iran-Contra scandal broke in November 1986, Congress found it simply too hard to resist setting up its own investigatory machinery, which, a congressional inquiry unfolded in parallel with the criminal inquiry led by Mr Walsh.

The award of limited immunity from prosecution to certain witnesses whose testimony was deemed vital to the televised hearings of the joint House-Senate committee.

The second, ultimately decisive obstacle to Mr Walsh concerned national security. Col North - despite an infinite capacity to embellish - borrowed his way into many of the most sensitive undercover operations conducted by the Reagan Administration.

Over the new year, the decorated Vietnam veteran and Mr Brendan Sullivan, his lawyer, showed how far they were prepared to go, serving subpoenas on President Reagan and Pres-

dent-elect George Bush, along with a plethora of top Reagan Administration officials, including Mr George Shultz, Secretary of State.

Fast precedent suggests it is doubtful that President Reagan will be called into the witness box (although he may have to surrender his diaries, which may in turn halt work on a \$5m book contract). Equally, the defence traditionally shown by the courts to the office of the President suggests Mr Bush will not be called to appear either (although Judge Gesell, presumably to satisfy the constitutional historians, stressed last week that he did have the power to summon the President, should he so choose).

We have reached a curiously uneasy equilibrium, a stalemate which, when it broke, shook the Reagan presidency to its core. Perhaps, as many Republicans insisted at the time, the case should never have come down to criminal charges because Col North's offence was primarily political: it was his defiance of Congress's intent - rather than his pursuit of personal gain - that constituted the problem.

A cleaner ending would have come if President Reagan had shown the courage of his convictions and used his power to pardon his national hero. But Mr Reagan, fearing that a new controversy would sour his presidency, declined to act.

Yugoslav party chief warns of civil war

By Judy Dempsey in Belgrade

CIVIL WAR was threatening Yugoslavia, Mr Stipe Sivar, the country's Communist party leader, said yesterday, calling for an end to what he termed the bitter political infighting of the past year.

The 62-year-old leader from the northern republic of Croatia was speaking at the opening session of the three-day meeting of the party's central committee called to discuss, yet again, the country's political and economic crisis.

In remarks clearly aimed at Mr Slobodan Milosevic, Serbia's party chief who last week demanded a change of national party leader, Mr Sivar said the country must choose between "pluralism" and "neo-Stalinism." In particular, he said the party leadership in the republic

of Serbia and Vojvodina were "fanning divisions between the party and state leaderships of the country's federal units."

Vojvodina is a northern province, constitutionally linked to Serbia, where demonstrators loyal to Mr Milosevic last year forced the resignation of the provincial party committee and ensured its replacement by pro-Milosevic politicians. A similar demonstration brought down the leadership of Montenegro, prompting charges of "mob rule" by critics of Mr Milosevic.

The behaviour of the Serbian party chief has led to a backlash from the republics of Croatia and Slovenia, and Mr Sivar, once highly unpopular there, is now gaining support.

The belief is that unless some of these republics rally around the party leadership, Mr Milosevic is likely to gain further ground by adopting similar tactics against them.

This is the issue which is now dominating the plenum. And one of the crucial items on the agenda is whether it will decide to convene an extraordinary party congress or bring forward the regular congress, due early next year.

Vojvodina, with Serbia's backing, is calling for an extraordinary congress. If the central committee agrees to this, it has three months to decide on the exact timing. Mr Milosevic is likely to gain support at such a congress because of the way in which delegates are selected: the

number sent from each of the six parties and two provinces would be in proportion to their number of party members.

Global Motors, US distributor of Yugo cars, said on Monday it had filed to reorganise under Chapter 11 of the bankruptcy code, Reuters reports from New Orleans.

Global, based in New Jersey, will be taken over by Zestava, the Yugoslav producer of the low-priced cars, which will continue to import them.

Global owns 97 per cent of Yugo America, which was founded just over three years ago to distribute Yugos in the US. Global owes Yugo dealers \$2.5m, mostly as reimbursements for rebates. Some 120,000 Yugos have been sold in the US.

Steel output likely to slip in 1989

By George Graham in Paris

STEEL production in the industrialised nations rose strongly last year but a downturn is likely in 1989, according to the Organisation for Economic Co-operation and Development (OECD).

The Paris-based organisation, which includes 25 of the world's main industrialised countries, says raw steel output rose in 1988 by nearly 9 per cent from the 951m tonnes produced in 1987.

This year, however, demand from the US construction industry and from the car industries of Europe and Canada is expected to decline, and the high level of steel stocks built up over the past year is likely to be reduced, the OECD says.

Total demand in the OECD area for steel products rose last year by 11 per cent from 1987's 365.6m tonnes of raw steel equivalent. Demand growth was especially strong in Japan (up 16 per cent), the EC (up 9 per cent) and the US (up 8 per cent).

In 1989, however, demand is forecast to fall by 3.5 per cent throughout the area, with a 8 per cent drop in the US, 3.5 per cent in Japan and 2 per cent in the EC.

London equities rally enters third week

Continued from Page 1

stocks, especially cars, in Frankfurt which left the market 1 per cent lower. Paris was depressed by another bourse employees' strike and Milan by political tensions.

Some of the London market's pundits had expected the market to fall yesterday as investors moved to realise some of last week's gains from trading, but their pessimism was unfounded. Big City investment institutions continued to buy shares and prices were pushed higher. More than a 100 shares were traded yesterday, about the same as on Friday, but well up on volumes seen last year.

Equity analysts said that share prices had risen strongly because of a significant change in sentiment towards the London market by its principle investors, the major invest-

ment institutions, such as pension funds and insurance companies. Warburg Securities estimates that these institutions will have a cash inflow this year of \$22bn (\$38.7bn), of which \$3.5bn will be dedicated to the equity purchases.

The London market is seen as having been cheap relative to other major financial centres with the exception of Japan, which appears to trade on different and higher standards of valuation than in Europe and North America.

Goldman Sachs, the US securities house, said the London market was selling on a price to earnings ratio of 10.5, some 10 per cent below the world 10, excluding Japan. At the same time, the London market dividend yield of 4.6 per cent is 40 per cent above the world dividend yield, exclu-

ding Japan, and 20 per cent above the dividend yield in Continental equity markets.

Mr Richard Jeffrey, economist at Hoare Govett, the securities house, said the rally had been driven largely by technical factors. "I don't think it is panic but I think it shows an awareness that a high degree of cash in funds could lead to a very significant under-performance," he said.

Underlying the rise was optimism that the Government's high interest rate strategy was working, he said. "It is now obvious that demand is slowing. Fund managers are willing to take on the bet that a slowdown will moderate inflation and the current account," said Mr Jeffrey.

Sentiment was boosted on Friday by better than expected

trade figures for December, which encouraged the belief that base rates had peaked at 13 per cent.

Dr Gerard Lyons, chief UK economist at SBCI Savory Milin, said the equity market was focusing on positive aspects of the Government's policies.

He warned: "Inflationary pressures are still going to be picking up. Exports will still be hit by sterling's strength and the current account deficit will remain large. In addition, corporate profitability will be squeezed."

Mr Gwynn Davies, chief UK economist at Goldman Sachs, said that the UK market's rapid rise made it vulnerable to a piece of bad economic news, but that the market had reached new levels on which it was likely to build.

WORLD WEATHER table with columns for location, temperature, and other weather data.

Gorbachev seeks international support

Continued from Page 1

Moscow in October, is likely to discuss deepening economic co-operation. However, although West German exports to the Soviet Union rose sharply last year from the low level of 1987, there is little immediate prospect of a big jump in overall bilateral trade, which has been in the doldrums since 1984.

Mr Gorbachev, who has been to West Germany only once before, is expected to visit at least one federal state outside Bonn. In view of Mr Gorbachev's popularity in the Fed-

eral Republic, Bonn's allies may fear that he will use the publicity generated by the visit to undermine Nato's defence efforts for the 1990s.

However, according to Mr Peter Danylow, a Soviet expert at the Bonn-based German Society for Foreign Affairs, Mr Gorbachev is likely to concentrate more on improving general political relations rather than unveiling any new disarmament initiatives.

Mr Danylow also suggested that one of the main points of discussion would be to improve

routine daily working conditions of West German companies trying to do business in the Soviet Union.

Officials in Bonn yesterday cautioned against expecting any breakthrough on the economic front. Underlining that the Soviet Union's payments difficulties had been exacerbated by confusion over economic restructuring, one official said: "It's an organised chaos. The people in Moscow don't know what they can do. Under old Brezhnev, they at least knew that."

ADVERTISEMENT section header

NEWS REVIEW BUSINESS World interest in artillery trainer

TRAFFIC MONITORING The Data Systems Group of Ferranti International Electronics has supplied a new remote traffic signal monitoring system to Lancashire County Council.

TRAFFIC MONITORING (continued) The Data Systems Group of Ferranti International Electronics has supplied a new remote traffic signal monitoring system to Lancashire County Council.

Blue Vixen success A further important step has been taken in the Ferranti International Blue Vixen radar programme with another development phase successfully completed.

Healthy news in Wales Ferranti Computer Systems has won an order worth £114,000 for its Delphi Phoenix system, to be installed at Glyn Clwyd Hospital in the Clwyd Health Authority.

FINANCIAL TIMES COMPANIES & MARKETS

Tuesday January 31 1989

PLUMB CENTER
WOLSELEY
The name behind the name.

VEHICLE CONTRACTORS
BIRMINGHAM
Tel: 021-632 4222

INSIDE

Daimler slips into the pilot's seat

News that Daimler-Benz, West Germany's biggest industrial company, is to take a controlling stake in the aerospace group, brings a prolonged period of talks and occasional recriminations near to an end. The once important role played by the federal government has turned into more of a walk-on part and, while many organisational details remain to be solved, the broad lines of the takeover are becoming clear, reports Hail Simonian. Page 28

Not-so-cosy chat over the cocoa

The International Cocoa Agreement remains on the critical list. Talks in London last week brought producing and consuming country members no closer to agreement on the key issue of the price level the pact should seek to defend, or on the equally contentious problem of mounting arrears on key contributions by producing members. All delegates could agree on was to meet again next September in the hope of salvaging something from the pact. Page 38

Sunday Sport press baron found in stock market

Mr David Sullivan (left) is known in Britain as the publisher of "grit" magazines, the man who took Lord Stevens' Star newspaper down market for a few weeks and the proprietor behind exclusives in the Sunday Sport such as "Second World War Bomber Found On Moon". Raymond Snoddy looks at how, with his purchase of a 5 per cent stake in Portsmouth and Sunderland Newspapers last week, a new, previously-hidden David Sullivan has emerged - David Sullivan the investor. Page 28

UK tops the markets rostrum

The UK was at the forefront of world equity markets last week, with the FT-100 index climbing strongly outperforming the advance of 2.15 per cent in the FT-Actives World Index. Singapore, Ireland and the US were the runners-up, while New Zealand, Italy, Spain and Denmark were the only markets to lose ground over the week. Page 42

Market Statistics

Base lending rates	26	London share index	96.57
Bank of England	10	London traded options	25
European options each	28	London stock options	28
FT-100 index	29	Newspaper share index	29
FT-Actives World Index	30	Newspaper share index	29
FT 1st bond service	24	World commodity prices	24
Financial futures	26	World stock index indices	26
Foreign exchange	28	UK dividends announced	28
London recent issues	28	Unit trusts	28-29

Companies in this section

AAH	20	Jardine Matheson	29
Acco	20	Joseph & Felsie	29
Astra Trust	27	MBE	27
B&H Group	27	MTM	27
Banco Bilbao Vizcaya	21	Menzies (John)	27
Blackwell (B)	27	Minty	27
Blue Arrow	27	Nationale-Nederlanden	29
Bond Corporation	28	Northern Electronics	29
Breadthways	28	Pittard Garrar	29
Bullough	27	Pleasney	29
Carroll (J) & Sons	27	Polish Products	29
Cauldon Group	28	Proudfoot (Alex)	29
Coastal Corp	28	SSMC	29
Continental Assets	28	Servo Electric	29
Croft (P&I) Assoc	28	Scott and Newcastle	29
Daimler-Benz	20	Scott Paper	29
Derby Trust	28	Semi-Tech Microelec	29
Dow Chemical	21	Sherratt Partners	29
Drax-Boone	28	Siemens	29
Du Pont	21	Slough Estates	29
Dyno Industrier	20	Songmerville, W & Son	29
EPT	27	Southend Property	29
Fairchild Inds	27	Strong & Fisher	29
Falcon Resources	27	Sunmorsbank	29
Ford Sollar Morris	28	T. Cowie	29
Fosco	28	TOTAL	29
GECC	27	Traffic	29
Hamlet International	27	Telex	29
Haynes Publishing	20	Telex Eastern	29
Hollandsche Beton	20	Telex Jersey	29
Hugo Boss	21	Volker Stevin	29
James Hargest	28	Waco Group	29

Chief price changes yesterday

SHARES (PFF)	PERCENT
AAH	342.5 + 10.5
Acco	227.7 + 4.7
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0
AAH	251.0 + 1.0

London (Pence)

AAH	400 + 10	AAH	270 + 7.5
AAH	300 + 10	AAH	317 + 11
AAH	200 + 10	AAH	1130 + 6
AAH	100 + 10	AAH	373 + 18
AAH	50 + 10	AAH	300 + 7.5
AAH	25 + 10	AAH	178 + 5
AAH	12.5 + 10	AAH	211 + 8
AAH	6.25 + 10	AAH	350 + 18
AAH	3.125 + 10	AAH	242 - 12

'Amnesty' hits Texaco stock

By James Buchan in New York
STOCK in Texaco, the third-largest US oil company, tumbled sharply yesterday as disappointed takeover speculators dumped several million of the company's shares on the market. The flurry of sales, which pushed Texaco's share price down by almost 10 per cent at one point in the morning, was a sharp response to Sunday's unexpected armistice between Texaco and Mr Carl Icahn, its main shareholder and irritant to management. Analysts and arbitrageurs say that the agreement makes Texaco most unlikely to be taken over in the near future.

"This was an arb stock because Icahn was in there as a catalyst," said an arbitrageur yesterday. "Now it's an oil company in which Icahn just happens to have shares." Under the agreement, which was completed after negotiations that lasted all Saturday night, Mr Icahn promised to stop pushing for changes at Texaco and signed a seven-year "standstill" agreement not to buy more stock or launch a takeover bid. Mr Icahn also agreed to restrictions on how he disposed of his stock. In return, Mr James Kinmer, chief executive of Texaco, said he would pay out \$1.9bn of the cash he had raised from recent asset sales in special dividends to shareholders and spend a further \$500m to buy back stock. The deal appears to end a year of great uncertainty for Mr Kinmer. Mr Icahn, who started building his 16.6 per cent stake in late 1987, launched an unsuccessful bid for control of Texaco last June and has repeatedly prodded the company into selling off businesses and raising cash. "I believe that these moves by Texaco are a perfect illustration of the concept that a clear and closer relationship between active ownership and management will increase productivity," Mr Icahn said.



Carl Icahn: seven-year 'standstill' agreement

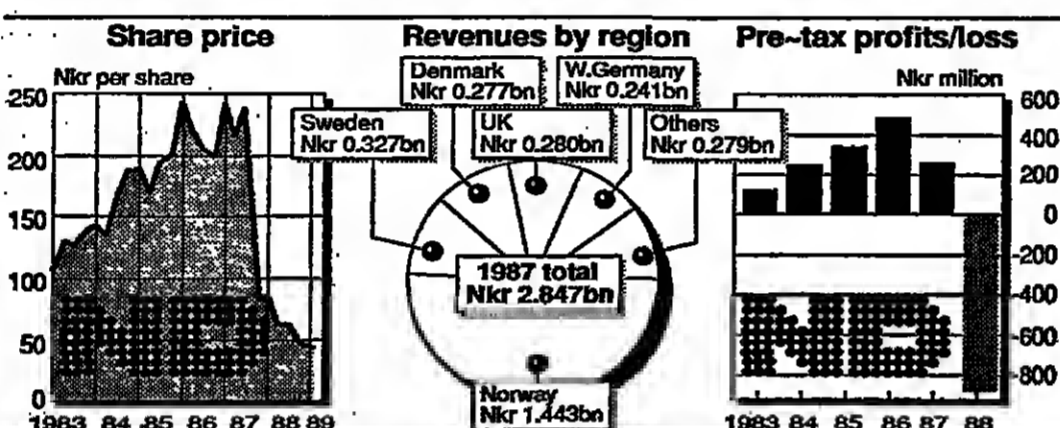
MB warrant holders' meeting on Carnaud to go ahead

By Maggie Urry in London
MB Group, UK packaging, printing and central heating equipment concern, is going ahead with a meeting tomorrow of its warrant holders - called in connection with plans to merge its packaging business with Carnaud of France - despite the possibility that Elders Investments will block the proposals being put to the investors. Elders Investments, a subsidiary of Elders IXL, the Australian brewing, finance and pastoral group headed by Mr John Elliott, expressed doubts last Friday about the merger with Carnaud, a leading French packaging company. However, MB has legal advice that even if the proposals being put to warrant holders are defeated, this will not affect the company's ability to carry through the Carnaud deal. But in its merchant bank adviser, said yesterday it could see "nothing to stop us doing that at the moment."

Ultramar claims it is target of takeover plan

By Steven Butler in London
ULTRAMAR, the UK oil group, yesterday said it was the target of a possible takeover bid by a consortium being put together by Novorco and Unigesco, the Canadian-based companies, and Banque Paribas. Mr David Elton, an Ultramar director, said that the Canadians, who hold a 4.27 per cent stake in Ultramar, had contacted several international oil companies and financial institutions to form a consortium for a bid, which analysts said would have to exceed \$1.2bn to succeed.

Mr Elton declined to name the companies which had been contacted and Canadians could not be reached for comment. Any bid would presumably result in a division of Ultramar's assets. These include natural gas production in Indonesia, and a portfolio of North Sea exploration and production assets. Ultramar revealed in early December that the Canadian companies had accumulated the 4.27 per cent stake. Since then Ultramar shares have risen strongly and yesterday added a further 2p to close at 310p. Mr Marcel Dutil, Novorco chairman, has made clear the group would like to acquire Ultramar's oil refining and marketing businesses in eastern Canada, although a bid for the entire group is thought to be beyond the resources of the Canadian companies. Following a prompting by the Takeover Panel last week, the Canadian group on Friday issued a statement saying that it was still considering its options in regard to the share holding. Mr Dutil was understood to be in London at the weekend. The notion that a consortium was being formed was greeted with some scepticism yesterday among analysts in the City. Sir Ron Brierley, the New Zealand businessman, holds a 14 per cent stake in Ultramar, which he acquired through Brierley Investments in 1988. Sir Ron is thought interested in finding a way to sell the stake. Premier Consolidated Offfields, the UK independent oil company, holds 2 per cent of Ultramar, and is understood to be interested in Ultramar's UK and Indonesian operations, both of which would be large acquisitions for Premier. Ultramar said yesterday that it would resist any proposal which did not reflect the company's assets and prospects. It said Ultramar had an "effective strategy for the development of its core businesses which provide an excellent balance both geographically and between its upstream and downstream activities." Lex, Page 18; Background, Page 26



The waning of the wonder of Norway

Alan Cane and Karen Fossli look at mistakes made by the once high-flying Norsk Data

It was once the wonder of Norway, the brightest star in the country's business firmament. But now, Norsk Data, the mini-computer manufacturer, is in deep trouble - and its predicament underlines the dangers of not adapting quickly to the industry's rapid pace of change.

due to the fall in crude oil prices, and Norsk Data executives accept it is unlikely to show much of a recovery in the foreseeable future. One of ND's niche strengths, for example, is the newprint industry. In 1986 it netched up sales of Nkr100m, representing a 90 per cent market share in Norway. Last year sales were only Nkr33m, despite an unchanged market share.

Norsk Data's 1988 results, released last week, showed the group plunging into pre-tax losses of Nkr871m (\$121m) on a turnover of Nkr2.8bn (\$435m). It announced drastic plans, including the shedding of 600 jobs, 20 per cent of the workforce, to return it to profitability. The computer industry is being shaken by waves of change more intense than any since the advent of the modern computer in the 1950s. Simply keeping up with these changes is stretching the resources of most computer manufacturers; where a company faces additional hazards - a weakness in its home market, for example, or a decline in any of its niche markets, the result, as in Norsk Data's case, can be spectacular reversals of fortune. Its problems stem from a trio of factors: placing too great a reliance on the Norwegian computer market; failing either to comprehend or exploit technological changes which are putting intense pressure on margins; and not responding rapidly to changing customer demands for standard, rather than proprietary, computer systems.

The question now is whether the company has the strategy and the resolve to recover unaided; the alternatives seem to be absorption into a larger group or a gradual decline into the Nordic twilight, probably in the role of a medium-sized systems house. Industry analysts, without exception, are gloomy about the company's prospects, arguing that it is applying a financial and technological hand-aid too late. Norsk Data's success in the past, rather like that of Nixdorf of West Germany with which it is frequently compared and which is facing its own, somewhat similar, problems, has been based on excellent, cost-effective technology and on a relationship with its customers that is close to partnership. However, the company has never made the leap from national computer champion to global player. The Scandinavian market still constitutes some 70 per cent of its business. That market is now perilously weak,

Dutch insurer plans \$440m US purchase

By Laura Raun in Amsterdam

NATIONALE-Nederlanden, the biggest Dutch insurance company, is buying Southland Life Insurance for \$440m in cash from American Brands, the US tobacco and consumer products group. The planned takeover is the largest Dutch acquisition in recent memory and highlights the Dutch insurance industry's extremely acquisitive nature. The deal is also Nat-Ne's third recent acquisition. Last week it announced the purchase of two Canadian insurance companies, Groupe Commerce and Compagnie d'Assurances and Compagnie d'Assurances Belair. Southland, owned by American Brand's Franklin Life Insurance, will increase the US contribution to Nat-Ne's total premium income to one-third from 23 per cent now. Southland, based in Plano, Texas, is solely involved in life insurance and is expected to complement Nat-Ne's Life Insurance Company of Georgia and "a close co-operation between the two companies is envisaged." Southland has assets of \$1.1bn, total turnover of \$230m in 1988 and licences to operate in 48

states and the district of Columbia. Nat-Ne had assets of \$40bn last year and total revenue of F1 17.2bn (\$8.1bn) but no figures have been released for 1988. Our Financial Staff said: The last major Dutch acquisition in the US was also in the insurance sector. In 1986, Aegon paid \$564m for Monumental Corporation of Baltimore. American Brands also yesterday announced a slight fall in fourth quarter net profit from operations to \$138.5m or \$1.96 a share from \$151.4m or \$2.15. In the latest quarter, a \$900,000 loss from discontinued operations made final net \$128,000,000 or \$1.34 a share. A year earlier, \$94.3m of income from discontinued operations made final net \$157.7m or \$1.38. For the year, American Brands reported net from continuing operations of \$540.8m or \$5.44 a share, against \$601.8m or \$4.42 in 1987. In 1988, \$39.2m of income from discontinued operations made final net \$500m or \$5.84. In 1987, \$30m of income from discontinued operations made final net \$521.5m or \$4.60. Revenues last year were \$12bn, against \$10.1bn in 1987. Mr Skar said this week that he had foreseen the importance of Unix as early as 1986 but that to have made the changes that early would have been unthinkable in a company that was one of the world's most profitable computer businesses. "Some of this we saw coming but there was no way we were going to change," he confessed.

This announcement appears as a matter of record only. January 1989

SCA

SCA Capital Corporation B.V.
(Incorporated in The Netherlands with limited liability)

ECU 101,000,000

4 1/2 per cent. Guaranteed Convertible Bonds 2004

guaranteed on a subordinated basis by, and convertible into Non-Restricted Class B Shares of,

Svenska Cellulosa Aktiebolaget SCA
(Incorporated in Sweden with limited liability)

Svenska Handelsbanken Group · Goldman Sachs International Limited
Credit Suisse First Boston · S.G. Warburg Securities
Morgan Stanley International · Smith Barney, Harris Upham & Co. Inc.

Security Pacific National Trust Company

is pleased to announce that it has established an

American Depository Receipt Group

Headquartered in New York City as part of the Corporate Trust Division, the American Depository Receipt Group offers full custodian banking capabilities for issuance, lending, processing and related services for ADRs.

The ADR Group is under the management of:

Ralph A. Marinello

Senior Vice President
(212) 978-5040

Larry O. Faria
Vice President

Margaret G. Kitzelman
Vice President

Cindy Gall
Vice President

ADR Lending Specialists:

Marco DeSantis
Assistant Vice President

Julio Lugo
Assistant Secretary

American Depository Receipt Group

Security Pacific National Trust Company
Two Rector Street, New York, N.Y. 10006
(212) 978-5040

Mailing Address:

P.O. Box 464 • Bowling Green Station • NY, NY 10274-0464
Fax Number: (212) 978-5060

Security Pacific National Trust Company

a subsidiary of
Security Pacific Corporation



Member FDIC

INTERNATIONAL COMPANIES AND FINANCE

Dutch group obstructs Hollandsche takeover

By Our Financial Staff

VOLKER STEVIN, the Dutch construction group, said yesterday it had strengthened its anti-takeover defences following indications that Hollandsche Beton Groep, a rival body, is building up a formidable stake in the company.

The move comes as Hollandsche, the largest Dutch construction group, confirmed its stake in Volker's total common stock outstanding had grown to around 40 per cent by the end of December and that it intends to buy more Volker stock in the future.

Hollandsche Beton said: "Our intention is that we would like to work very closely with Volker." But it could not comment on whether it sought a full takeover of its rival the Netherlands' second largest construction group. Volker charged that HBG was intent on acquiring all of the company. The measures announced yesterday include granting a two-year option to buy up to 7.5m authorised but yet unissued vote-carrying preference shares to the existing management-controlled trust that already holds 2.5m of the shares. If the options were exercised, the trust would in effect control 67 per cent of all voting power in the company.

Also, in the event of a bid by HBG, Volker would transfer legal ownership of three of its divisions to three special formations outside the company.

Dyno to raise foreign stake limit to 33%

By Karen Fosell in Oslo

DYNO INDUSTRIER, the diversified Norwegian group with main interests in explosives and chemicals, is to widen to one-third the foreign ownership in the company following a recent Norwegian ruling which defined it as a Norwegian company.

Under previous legislation for foreign shareholdings in Norwegian companies, Dyno was classified as a foreign company because of a 51 per cent stake in the company held by Norsk Hydro. Although Hydro is Norway's largest publicly quoted company, it was previously classified as foreign because of the high foreign ownership of its shares.

The earlier limit on foreign shareholdings in Dyno was 20 per cent, and this will be raised to 33.3 per cent. Foreign interests currently hold about 8 per cent of the company's stock.

Dyno also announced it would publish its results quarterly from now on in line with US practice. Instead of every fourth month.

The company has an annual Nkr5bn (\$746m) turnover, and after the first eight months of 1988 it posted net profits of Nkr182m.

Finnish group plans Spanish paper venture

By Olli Virtanen in Helsinki

ENSO-GUTZIT, one of Finland's leading forest products groups, has signed a letter of intent with La Papelera Espanola, the Spanish paper producer, on building a large paper mill in Spain. The project would cost about \$400m.

The new paper mill is planned to produce 200,000 tonnes of wood-containing printing and writing papers annually. La Papelera is Spain's biggest producer of these paper grades.

National Australia Bank Limited
US\$100,000,000
Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 9 1/8 per cent for the period 31st January, 1989 to 31st July, 1989.

Interest payable on 31st July, 1989 per US\$100,000 Note will be US\$493.35.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Bergen Bank A/S
US\$50,000,000
Floating Rate Notes due 1991

Notice is hereby given that for the six months period from January 31, 1989 to July 31, 1989, the Notes will carry an interest rate of 9 1/8%. The interest payable on the relevant interest payment date, July 31, 1989 will be U.S. \$480.78 per U.S. \$10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
January 31, 1989

Daimler taxis down the MBB takeover runway

Haig Simonian on a West German merger plan

Three men contributed to the recent news that Daimler-Benz, West Germany's biggest industrial company, is to take a controlling stake in Messerschmitt-Bölkow-Blohm (MBB), the country's leading aerospace group, closing a seemingly endless period of talks and periodic recommitment.

Mr Edzard Reuter, Daimler's chief executive, confirmed that his company would not only be buying 30 per cent of MBB through a rights issue, as widely expected, but had also negotiated to increase its share to "just over 50 per cent" at an unspecified later date.

Mr Gerold Tandler, the Bavarian Finance Minister and MBB's supervisory board chairman, made clear that his government backed the deal. His predecessor, Mr Franz-Josef Strauss, who died in October, had been a doughty campaigner for a continuing strong link between MBB and its native Bavaria, a connection institutionalised in the large stake in the company held by the state and state-owned organs.

Finally, Mr Hanns Arnd Vogels, MBB's chief executive, disclosed what Daimler's new role in the group might mean in organisational terms, notably regarding the likely carve-up of its civilian airliner activities.

All that was missing was a contribution from Bonn. The Federal Government has been closely involved in the MBB-Daimler saga, but Bonn's role has turned into more of a walk-on part since Daimler gained the financial guarantees it sought late last year and the ruling centre-right coalition settled its own last-minute internal differences.

While stacks of organisational details remain to be solved, the broad lines of the takeover are becoming clear. Four main areas are involved.

● **Ownership:** MBB's shareholder structure is notoriously complex, but Daimler has managed to reach broad agreement with most of its private-sector shareholders to sell out.

Earlier this month, Allianz, Europe's largest insurance company, announced it had agreed to divest its 4.63 per cent stake, held in a jointly-owned company in which Robert Bosch and Bremen interests are also represented. Bosch itself has indicated its willingness to transfer its 4.39 per cent stake for some time. While Allianz has not revealed how much it will get, for its stake, a figure of about DM107m (\$57.5m) has been mentioned.

The eventual departure of Dresdner Bank and Bayerische Vereinsbank, represented through a 50:50 holding company, will leave only Siemens and Aerospaciale as MBB's other main corporate shareholders. Both want to stay on.

While Mr Reuter said Daimler planned to gain "a small majority," its exact size could not be specified at this stage. That requires an agreement with MBB's small private shareholders like the Messerschmitt Foundation and the Bölkow and Blohm families. There could still be some "smaller stakes" after the reorganisation, said Mr Reuter.

Seemingly the simplest change has involved the shares held by Bavaria, Hamburg and Bremen, all of which have local MBB production facilities. But while the decision to reduce their joint stakes to 36 per cent appears painless, a great deal of horse-trading is likely to have taken place behind the scenes, notably regarding continued assurances that work will come their way.

● **Timing:** How long the reorganisation will take remains uncertain. Mr Reuter erred on

as his deputy. Some signs of the future shape of MBB are already clear. Notably, Hamburg is to be the base for all future civil aircraft activities, including Airbus production. A new Hamburg-based company, capitalised at around DM1.5bn and whose name and precise legal structure has still to be revealed, will have MBB and Kreditanstalt für Wiederaufbau, a federal-government-owned bank, as its shareholders, with 50 per cent and 30 per cent stakes respectively.

Percentage shares	Now	After rights issue and reorganisation (estimates)
Daimler	-	50-54
State of Bavaria	34.06	16.8
Hamburg	18.22	12.2
Bremen	14	7
Fides*	29	10-14
Allianz	4.63	-
Robert Bosch	4.39	-
Dresdner Bank/Bayerische V.Zinskt	10	-
Messerschmitt Stiftung	1	?
Ludwig Bölkow	1	?
Blohm family	0.59	?

* Holding company for Aerospaciale and Siemens stakes (10.59 and 0.31 per cent respectively). † Through joint holding company.

the side of caution in saying that Daimler hopes to have its majority by the end of this year, or early 1990 at the latest.

Matters could move much faster. Daimler's plan has to be approved by the Federal Cartel Office in Berlin, which has four months to investigate its April followed by action by mid-summer, a timetable underlined by Mr Vogels, who spoke of results by August or September.

Any opposition on cartel grounds is widely expected to be overruled politically.

● **Structure:** Almost the only foregone conclusion is that the bulk of MBB will be incorporated into Deutsche Aerospace, the new defence and aeronautics subsidiary Daimler set up as part of its major corporate reorganisation in October.

Deutsche Aerospace already takes in Dornier, the small aircraft manufacturer in which Daimler has a majority stake, existing defence activities and some of the aerospace business handled by AEG.

Earlier this month, Daimler provided some of the top names to go with its new subsidiary. Mr Jürgen Schremp, previously head of the group's goods vehicle activities, will be Deutsche Aerospace's chief executive, with Mr Johann Schäffler, the boss of Dornier,

Cost: Taking a majority stake in MBB will cost Daimler about DM1.7bn, according to Mr Reuter. Although his group has plenty of cash in hand - some DM15.4bn in cash and equivalent - a rights issue is due. The prospect of a large capital-raising, first suggested last year, has periodically depressed Daimler's share price, and did precisely the same after Mr Reuter's admission, which went rather further than previous Daimler statements.

More interesting in the longer term is what effect the MBB takeover will have on Daimler's overall profitability. Net group earnings in 1988 are expected to fall from the DM1.78bn made in 1987.

Some brokers expect that the rights issue, along with the known earnings pressure on Daimler and the much lower margins at MBB, will inevitably lead to a dilution.

Their estimates make little allowance for the inevitable disruption and the loss of management time that will be spent digesting and reorganising MBB to fit into Deutsche Aerospace. Hence the widely-held view that, while perhaps an excellent long-term decision by Daimler, the prospects for flying on with MBB in the shorter-term could be choppy at best.

U.S. \$150,000,000

Korea Exchange Bank
(Incorporated in the Republic of Korea, under the Korean Exchange Bank Act of 1950, as amended)

Floating Rate Notes due 1995

Notice is hereby given that for the six months interest period from January 31, 1989 to July 31, 1989 the Notes will carry an interest rate of 9 1/8% per annum. The interest payable on the relevant interest payment date, July 31, 1989 against Coupon No. 8 will be U.S. \$12,333.77 and U.S. \$493.35 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
January 31, 1989

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED ("Union Steel")
Reg No. 01/03874/06
(Both companies incorporated in the Republic of South Africa)

RHOMBUS EXPLORATION LIMITED ("Rhoex")
Reg No. 87/01030/06
(Both companies incorporated in the Republic of South Africa)

JOINT CAUTIONARY ANNOUNCEMENT

Negotiations are in progress between Union Steel and Rhoex which may affect the value of the shares. Accordingly, shareholders are advised to exercise caution in their dealings. A further announcement will be made as soon as possible.

IVOR JONES ROY and CO. INC
Reg No. 73/06709/21
(Member of the Johannesburg Stock Exchange)Johannesburg
30 January 1989

NMB BANK

Nederlandsche Middenstandsbank nv

U.S. \$100,000,000
Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the six month period 31st January, 1989 to 31st July, 1989, the Notes will bear interest at the rate of 9 1/8% per annum. Coupon No. 5 will therefore be payable on 31st July, 1989, at the rate of US\$12,333.77 from Notes of US\$250,000 nominal and US\$493.35 from Notes of US\$10,000 nominal.

S.G. Warburg & Co. Ltd.
Agent Bank

U.S. \$100,000,000

FIDELITY FEDERAL
SAVINGS AND LOAN ASSOCIATION

Collateralized Floating Rate Notes Due 1992

Interest Rate	9 1/8% per annum
Interest Period	31st January 1989 28th April 1989
Interest Amount per U.S. \$100,000 Note due 28th April 1989	U.S. \$2,310.94

Credit Suisse First Boston Limited
Agent Bank

Wells Fargo & Company

U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 31st January, 1989 to 28th February, 1989 the Notes will carry an interest rate of 9.35% per annum. Interest payable on the relevant interest payment date 28th February, 1989 will amount to US\$72.72 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Security Pacific Corporation

Dutch Guilders 250,000,000
Floating Rate Notes 1988 due 1990

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from January 31, 1989 to July 31, 1989 the Rate of Interest has been fixed at 9 1/8% per cent and that the interest payable on the relevant interest payment date, July 31, 1989, against Coupon No. 7 in respect of Nfg50,000 nominal of the Notes will be Nfg1,825.48, and in respect of Nfg100,000 nominal of the Notes will be Nfg3,650.95.

Amsterdam-Rotterdam Bank N.V.
Agent Bank

The Finnish Paper Mills' Association - Finnapp

U.S. \$100,000,000

Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period January 31, 1989 to July 31, 1989 has been fixed at 9 1/8% per annum. Interest payable on July 31, 1989 will be US\$487.07 per Note of US\$10,000.

Agent
Morgan Guaranty Trust Company of New York
London Branch

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

U.S. \$150,000,000

FLOATING RATE NOTES DUE 1993

For the six months 31st January, 1989 to 31st July, 1989

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 9 1/8% per cent and that the interest payable on the relevant interest payment date, 31st July, 1989 against Coupon No. 22 will be U.S. \$48.71.

Agent Bank: Morgan Guaranty Trust Company of New York, London

This announcement appears as a matter of record only.

LION + CO AG
Kreuzlingen, Schweiz

has completed a

US \$33,500,000

Debt Conversion Transaction in Yugoslavia

This transaction was initiated, structured and executed by the undersigned.

December 1988

CITICORP • CITIBANK

The above listed transaction was conducted by the following: Citibank, N.A. and Inverco International Bank N.V. © 1988 © Citicorp and Citibank are registered trademarks.

INTERNATIONAL COMPANIES AND FINANCE

Polaroid in \$1.1bn share repurchase

By Anatole Kaletsky in New York

POLAROID, the beleaguered US photographic company which has been fighting off a \$2.8bn takeover bid from Shamrock Partners, yesterday announced a \$1.1bn share repurchase programme and a \$300m white-knight investment from a New York fund management group.

Guaranty, to buy back \$1.1bn of Polaroid's common stock. Polaroid, which has 71.6m shares outstanding, said no decisions had yet been taken about the price or timing of the share repurchase.

Record quarter for Dow Chemical

By James Buchan in New York

DOW CHEMICAL, the second largest US chemicals group, yesterday reported another quarter of strong growth with earnings up 80 per cent in the three months to December.

Hugo Boss takes over US quality clothing group

By Andrew Fisher in Frankfurt

HUGO BOSS, the West German men's fashion company whose clothes have covered actors' shoulders in such US television programmes as Miami Vice and LA Law, has moved deeper into the transatlantic market with the purchase of Joseph & Feiss, a long-established US clothing concern.

analyst with Baring said: "It is a good and logical step for Boss. It was always their strategy to start their own production in the US as soon as they had reached a certain size there."

shares have been quoted in Germany for four years, has expanded rapidly in foreign markets. In the first nine months of 1988, export sales leapt by 33 per cent to DM179m, while those in Germany stagnated at DM271m.

Reverse at Marsh & McLennan

By Karen Zenger in New York

A SLIGHT decline in fourth-quarter and annual net earnings is reported by Marsh & McLennan Companies, the world's biggest insurance broker.

Net income for the quarter was \$50.6m or 71 cents a share compared with \$52.6m or 71 cents in the same period of 1987. Revenues rose to \$544.4m from \$514.3m.

Scott Paper earnings surge

By Maggie Urry

SCOTT PAPER, the world's largest maker of sanitary tissue, achieved record earnings in 1988 for the fifth consecutive year. Net income in the fourth quarter advanced to \$90.5m, from \$87.5m in the corresponding 1987 period, on sales which increased to \$1.29bn, from \$1.1bn last time.

non-recurring gains, mainly from the sale of Brunswick Fuip and Paper, they increased 31.5 per cent to a record \$4.01. Earnings per share for the fourth quarter went ahead by 19.3 per cent to \$1.06.

would be reduced and others offset during 1989. Sales of personal care and cleaning products rose 15.1 per cent to \$3.5bn in 1988. Operating profits growth in the sector was slower at 9.1 per cent to \$883.5m.

PC groups define new standard

By Louise Kehoe in San Francisco

LEADING personal computer manufacturers said yesterday that personal computers based upon a new 32-bit industry standard architecture will be available by the year end.

Du Pont develops 'interim' CFC gases

By Peter Marsh

DU PONT, the biggest US chemicals company, yesterday announced a series of materials based on existing substances that could provide interim replacements for the industrial gases suspected of damaging the ozone layer.

national treaty. Du Pont said the interim replacements, which could be in production by next year, are not as "ozone-friendly" as some of the new CFC-substitutes in which chemicals companies are working for the mid to late 1990s.

ing for the longer term are not compatible with existing equipment of this kind which would have to be scrapped before the new substances could be used.

Record quarter for Dow Chemical

The strong performance, which marks the seventh successive record quarter, brought earnings for the year to \$2.41bn or \$12.85 a share before extraordinary items, nearly double the \$1.34bn or \$5.50 of 1987.

Banco Bilbao Vizcaya ahead

By Our Financial Staff

BANCO Bilbao Vizcaya, Spain's largest bank in terms of assets, boosted 1988 consolidated pre-tax profit by 25 per cent on a pro-forma basis, helped by a surge in traditional retail activity.

1.83 per cent from 1.68 per cent. The bank is to lift the dividend to Ptas250 a share from Ptas190.

banking market and is the country's largest. But it will be surpassed in size this year by Banco Espanol Central de Credit, the product of the planned merger between Banco Central and Banco Espanol de Credit (Banesto).

Sunnmörsbanken rescue snag

By Karen Fossil in Oslo

A RESCUE plan for Sunnmörsbanken, the medium-sized Norwegian commercial bank, looked likely to founder last night amid news that its losses on loans and guarantees would reach Nkr571.1m for last year.

merical banks intervened last September as lenders of last resort. The rescue plan, announced just two weeks ago, called for Sparebanken Møre, a large savings bank, to purchase the troubled commercial bank.

Failure of the plan would represent the third unsuccessful rescue bid. It is now being suggested that a temporary solution be implemented which would call for the guarantee fund to supply between Nkr800m and Nkr900m to keep Sunnmörsbanken afloat until a buyer can be found.

Texas Eastern rebuffs Coastal

TEXAS EASTERN, the Houston-based gas pipeline operator, has rejected as inadequate a \$2.6bn cash offer from Coastal Corporation, its cross-town rival, writes Our Financial Staff.

Share buy-back by Fairchild

By Peter Marsh

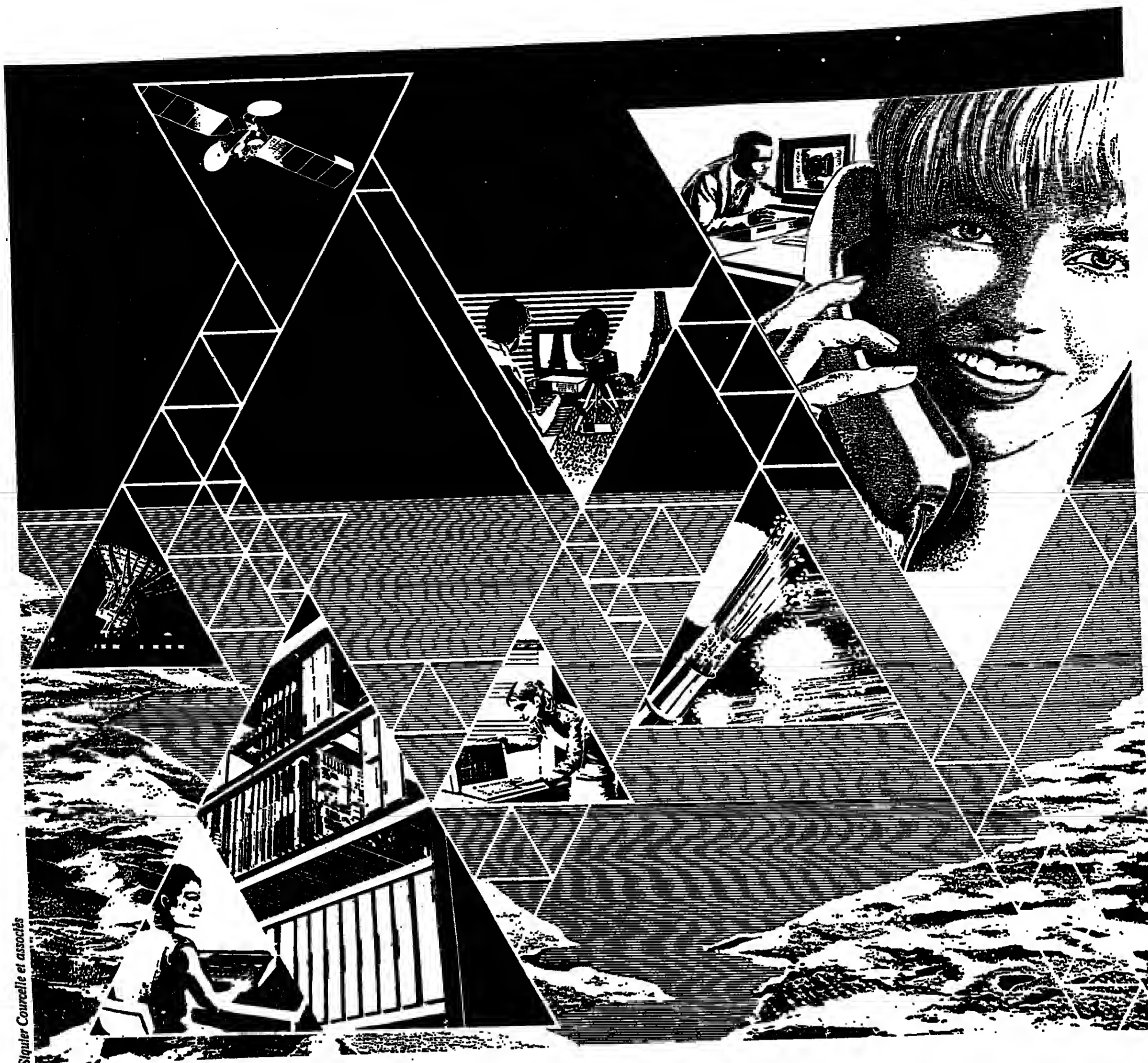
FAIRCHILD Industries, the US aerospace and industrial company, is to buy back all Fairchild securities owned by Soros, the company's largest stockholder group, for about \$75m in cash, writes Our Financial Staff.

Earlier this month Fairchild turned down an inadequate unsolicited \$15.50 a share offer from investment group Carlyle Investors VI. Analysts said the planned buyback of about 1.6m shares from Soros would make a takeover more difficult.

The aerospace company agreed to pay about \$26m for the group's common stock and about \$49m for its investment units, which are not publicly traded.

Amro Bank Amsterdam-Rotterdam Bank N.V. Amsterdam, The Netherlands. DM 250,000,000 Subordinated Floating Rate Notes with Interest Option of 1989/1999. Issue Price: 100%. Interest Rate: Six-month-Libor + 1/8% p.a., payable semi-annually in arrears in January and July.

THE BANK OF NEW YORK is pleased to announce the establishment of SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITIES WITH LISTINGS ON THE NEW YORK STOCK EXCHANGE for FRENCH TREASURY BONDS. OAT 9.80% January 30, 1996 and OAT 8.50% June 25, 1997.



Siquier Courcelle et associés

Alcatel CIT : Today's partner for tomorrow's telecommunications.

A trusted partner in more than 100 countries.
In a world of fierce competition, Alcatel CIT records successful presence on the five continents. That's because Alcatel CIT stands for skill. Expertise. Imagination.
The continuous strive for a genuine, continued partnership with each of our customers: flexible approaches, solutions tailored to actual problems and goals, technical and financial support.

All links to communication : a total expertise.
Alcatel CIT masters every aspect of telecommunications : digital telephone switching, intelligent networks, data communications, submarine and land links using copper or fiber-optic cables, microwave links, space links.
Alcatel CIT also means the innovation and reliability you can expect from an international leader in telecommunications, within a European group of world stature: Alcatel.

▲
ALCATEL

CIT

Alcatel CIT - 10, rue Latécoère - 78141 Vélizy cedex France
Tél.: (33-1) 30 67 96 20 - Téléx: 696539F - Fax: (33-1) 30 67 80 87

INTERNATIONAL COMPANIES AND FINANCE

HK group buys Singer producer

By John Elliott in Hong Kong

THE SINGER sewing machine name is to pass into the hands of Hong Kong businessmen who want in use it to build a worldwide consumer durables distribution network. This will take place under a US\$220m deal whereby SSMC for the US is to be taken over by Semi-Tech Microelectronics (Far East), a Hong Kong-based computer and trading company.

Shareholder and chief executive of both the Semi-Tech companies, claimed last night that this was the "largest takeover by Hong Kong of any US public company." He said he wanted the Singer company because of its "big name in distribution and its financial and hire purchase experience to enable us to become leaders in international consumer durable distribution.

and revenues of more than US\$1bn, would boost the Semi-Tech group's revenues to above US\$1.5bn. Semi-Tech's products include the STM range of computers and equipment. It also sells technology to companies in developing countries including China, where it has production arrangements in the southern Guangdong province's processing zone of Shenzhen near Canton.

The Datacrown division of Crownstek, the US East Coast operations of Consumers Distributing, and finally Canada Systems Group, the country's largest supplier of computer services. As a result the company's nine months' revenues, announced earlier this month, rose more than 15 times from a year earlier to C\$220m (US\$185.3m).

Bond stays firm on offer price

By John Elliott

BOND CORPORATION of Australia said yesterday it had no intention of increasing its offer to buy out minority shareholders in Bond Corporation International (BCI), its Hong Kong subsidiary, and reiterated its rejection of a HK\$3.6bn (US\$462m) rival bid by the local HKR Properties.

The pricing of the offer has been widely criticised in Hong Kong. HKR Properties, a property developer and BCI minority shareholder, tried to draw attention to the controversy with its own HK\$3 a share bid at the weekend. This was not regarded by stock market analysts as a serious takeover attempt. But there was some speculation that Bond's own offer might be turned down by shareholders.

are taking advantage of share prices well below net asset value to gain complete control of their companies. JARDINE MATHESON Holdings, one of Hong Kong's main trading houses, yesterday announced the creation of Jardine Pacific in bringing together under one management structure its trading and services operations in the Asia-Pacific region, writes John Elliott in Hong Kong.

The company said Jardine Pacific will have annual sales of HK\$10bn (US\$1.3bn), including associates. It would bring together the publicly-quoted Zung Fu, plus shipping and aviation services, security, property management, engineering and construction and financial services. In the group's new management structure, Jardine Pacific stands alongside Jardine Fleming and Jardine Insurance Brokers directly under Jardine Matheson.

Telco considers expanding into aerospace

By David Housego in New Delhi

TATA Engineering and Locomotive Company (Telco), India's largest vehicle manufacturer, is looking at other options outside the automobile industry. He added that "New policies and new looks will emerge only after March" with the completion of the current financial year.

its focus on trucks and buses to pick-up vans and cars, and from being a domestic producer to a manufacturer with a more global outlook. Telco, thus brought out a new estate car last year - India's first domestically designed and developed automobile - aimed at the luxury end of the Indian market. Its light pick-up van, the Tatumobile, has, in three years, captured over 20 per cent of the Indian market for light commercial vehicles.

proposals for Telco diversifying into new products and establishing closer links with other companies in the Tata group, the largest in India. Within the group, he said, "we have to stop this duplication of effort and create more synergy." He also gave the first indication that the Tata group, which has largely stood aside in the takeover manoeuvres that envelop the country's corporate sector, could be more active. "Acquisitions ought to be a route to growth, though not unfriendly acquisitions," he said.

Mr Tata said that Telco would be substantially expanding its investment over the next two or three years. Outlays would rise from an average of Rs1bn (862m) a year, taking into account savings made on in-house capital equipment manufacture, to Rs1.5bn, with the funds coming partly from the capital markets. In contrast to Telco's reputation for slow profit growth, he said the company "has to generate a higher level of profit though we may choose to plough that back."

CITICORP BANKING CORPORATION U.S. \$50,000,000 Floating Rate Notes due July 29, 1991. Notice is hereby given that the Rate of Interest for the period January 31, 1989 to April 28, 1989 has been fixed at 9.7625% and that the interest payable on the relevant Interest Payment Date, April 28, 1989 against Coupon No. 11 in respect of US\$10,000 nominal of the Notes will be US\$235.93.

CITICORP BANKING CORPORATION U.S. \$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997. Notice is hereby given that the Rate of Interest has been fixed at 9.5625% and that the interest payable on the relevant Interest Payment Date April 28, 1989 against Coupon No. 17 in respect of US\$10,000 nominal of the Notes will be US\$231.09.

CITICORP U.S. \$800,000,000 Subordinated Floating Rate Notes Due October 25, 2005. Notice is hereby given that the Rate of Interest has been fixed at 9.35% and that the interest payable on the relevant Interest Payment Date February 28, 1989 against Coupon No. 40 in respect of US\$10,000 nominal of the Notes will be US\$72.72.

CITICORP U.S. \$350,000,000 Subordinated Floating Rate Notes Due November 27, 2005. Notice is hereby given that the Rate of Interest has been fixed at 9.35% in respect of the Original Notes and 9.4375% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date February 28, 1989 against Coupon No. 39 in respect of US\$10,000 nominal of the Notes will be US\$72.72 in respect of the Original Notes and US\$73.40 in respect of the Enhancement Notes.

Sanyo Electric pushes up profits by 81.9%. SANYO ELECTRIC, the Japanese consumer electrical products company, boosted pre-tax profits 81.9 per cent to Y29.22bn (226.2m) in the year to November, writes our Financial Staff. Sales were 8.6 per cent higher at Y987.5bn. A setback in its well-known audio products, where turnover fell 24.4 per cent to Y78.4bn, was offset by growth in other sectors ranging from vending machines to semiconductors. Net earnings were Y17.04bn against Y14.15bn the previous year.

CITICORP BANKING CORPORATION U.S. \$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996. Notice is hereby given that the Rate of Interest has been fixed at 9.5625% and that the interest payable on the relevant Interest Payment Date April 28, 1989 against Coupon No. 18 in respect of US\$10,000 nominal of the Notes will be US\$231.09.

NOTICE OF ADJUSTMENT OF CONVERSION PRICE TNT PACIFIC FINANCE LIMITED AS\$175,000,000 9% GUARANTEED SUBORDINATED CONVERTIBLE BONDS DUE 1998. Notice is hereby given to the holders of the above Bonds, that following the bonus issue of TNT Limited shares announced on 11th November 1988, the price at which bonds will be convertible into ordinary shares of AS\$0.50 per share of TNT Limited was adjusted on 23rd November 1988, from AS\$5.00 per share to AS\$4.16 per share.

CITICORP U.S. \$500,000,000 Subordinated Floating Rate Notes Due January 30, 1998. Notice is hereby given that the Rate of Interest has been fixed at 9.325% and that the interest payable on the relevant Interest Payment Date February 28, 1989 against Coupon No. 37 in respect of US\$10,000 nominal of the Notes will be US\$72.53.

Lyondell Petrochemical Company 43,000,000 Shares Common Stock (par value \$1.00 per share) 8,600,000 Shares 34,400,000 Shares. All of these securities having been sold, this advertisement appears as a matter of record only. Goldman Sachs International Limited, Salomon Brothers International Limited, Algemeine Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Banque Indosuez, etc.

Amro Bank U.S. \$100,000,000 Floating Rate Notes Due 1991 AS\$50,000,000 14 1/2% Notes Due 1991 of VEREINWEST OVERSEAS FINANCE (JERSEY) LIMITED secured by respective deposits with VEREINS-UND WESTBANK AKTIENGESSELLSCHAFT. Notice is hereby given to the holders of the above Notes that the deposits securing the issues of the above Notes have been transferred to respective accounts in the name of VereinWest Overseas Finance (Jersey) Limited (the "Company") at the office of Verein-und Westbank Aktiengesellschaft (the "Bank") in Miami, Florida, United States of America and certain consequential alterations to the respective terms and conditions endorsed on the above Notes, the trust deeds dated 23rd July, 1986 and 7th May, 1987 respectively by which the above Notes were constituted, the deposit agreements of the same respective dates each evidencing the deposit by which the respective issue of the above Notes is secured and the assignments of the same respective dates by which such respective deposits were assigned by the Company to The Law Debenture Trust Corporation p.l.c. (the "Trustee") were made pursuant to two deeds of variation each dated 21st October, 1988 and made between the Company, the Bank and the Trustee.

Amro Bank U.S. \$100,000,000 Floating Rate Notes Due 1991 AS\$50,000,000 14 1/2% Notes Due 1991 of VEREINWEST OVERSEAS FINANCE (JERSEY) LIMITED secured by respective deposits with VEREINS-UND WESTBANK AKTIENGESSELLSCHAFT. Notice is hereby given to the holders of the above Notes that the deposits securing the issues of the above Notes have been transferred to respective accounts in the name of VereinWest Overseas Finance (Jersey) Limited (the "Company") at the office of Verein-und Westbank Aktiengesellschaft (the "Bank") in Miami, Florida, United States of America and certain consequential alterations to the respective terms and conditions endorsed on the above Notes, the trust deeds dated 23rd July, 1986 and 7th May, 1987 respectively by which the above Notes were constituted, the deposit agreements of the same respective dates each evidencing the deposit by which the respective issue of the above Notes is secured and the assignments of the same respective dates by which such respective deposits were assigned by the Company to The Law Debenture Trust Corporation p.l.c. (the "Trustee") were made pursuant to two deeds of variation each dated 21st October, 1988 and made between the Company, the Bank and the Trustee.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, January 30, 1989...

Table with columns: COUNTRY, £ STG, US \$, D-MARK, YEN (of 100). Lists exchange rates for various countries including Argentina, Australia, Austria, Belgium, Canada, etc.

Source: Reuters. Daily January 27 1989; United Kingdom £ 0.746797 United States \$ 1.31647 Germany West 0 Mark 2.48221 Japan Yen 169.455...

INTERNATIONAL CAPITAL MARKETS

Sydney Futures trebles size of trading floor

By Chris Sherwell in Sydney

SYDNEY Futures Exchange, which again reported record volumes in 1988, moved yesterday to one of the world's most technologically advanced trading floors...

1986. Among the floor's features are: Modular trading pits which, like Lego blocks, can be expanded, contracted and relocated according to market conditions.

Portugal plans gains tax on non-resident investors

By Diana Smith in Lisbon

PORTUGAL PLANS to levy a 10 per cent capital gains tax on stock market transactions by non-resident investors...

Swiss banks lose share of equity trade

By John Wickham in Zurich

SWITZERLAND'S big three commercial banks have seen their share of the equity market diminish in the past year, according to BZ Bank Zurich.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns: Issued, Bid, Offer, Change on week, Yield. Includes sections for US DOLLAR, YEN STRAIGHTS, OTHER STRAIGHTS, and CONVERTIBLE.

TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES 01-739 4311

Household Commercial advertisement featuring British Airways and Laz Sokar Partners Ltd. with text: 'The reward for listening carefully and responding quickly.'

Straight Bonds: The yield is the yield to redemption of the mid-price... Floating Rate Note: Denominated in dollars unless otherwise indicated...

UK COMPANY NEWS

Office products boost for Bullough

By Philip Coggan

BULLOUGH, the office furniture and engineering group, yesterday announced a 24 per cent increase in pre-tax profits to £26.23m in the year to October 31 1988.

which was affected by disappointing performance at the Hago and Brynmire companies. A major restructuring pushed Hago into losses of £300,000 whilst Brynmire worked "inefficiently" in the second half.

with profits of £3.5m (£2.98m). Overall trading profits increased to £26.23m (£21.5m) while interest payable fell to £294,000 (£284,000).

divisions provide some balance against a downturn in the office sector, although as a whole, the group is heavily dependent on UK economic performance.

Astra Trust poised to take stake in Splash

By Andrew Hill

ASTRA TRUST, the engineering, property and financial services group, is poised to take a major stake in Splash Products, the T-shirt printer and character merchandiser, which could lead to a full bid.

Slough sells industrial estates portfolio to BHH for £43m

By Paul Cheeseright, Property Correspondent

SLOUGH ESTATES, the UK's biggest industrial property group, has sold to BHH Group for £43m a portfolio of 11 industrial estates, two retail properties and one office building.

For Slough, which had over 12m square feet of industrial property in its portfolio, the strength of the market offered an opportunity to dispose of what it called "mature" estates.

housebuilding interests to concentrate on commercial property investment and development, raised the funds for the purchase through the issue of unlisted preference shares, placed by Banque Paribas Capital Markets.

Southend takes full control of textile business

By John Thornhill

SOUTHEND PROPERTY HOLDINGS has exercised its option to buy the remaining 60 per cent of Hamlet International, a textile business based in London's east end, for £18.2m.

John Menzies to sell library services division to Blackwell

By Andrew Hill

JOHN MENZIES, the retailer and newspaper wholesaler, is planning to sell its library services business to BH Blackwell the private bookshop.

the UK, Australia and North America. It also advises on the selection of books for new libraries and can provide specially-bound books if required.

division which is active in the UK, North America and Australia, but has less of a presence in the public library market.

Falcon to take tentative steps towards stock market relisting

By David Waller

FALCON RESOURCES, the oil explorer whose shares have been suspended since October 1985, yesterday announced a series of steps which could eventually lead to a relisting on the Stock Exchange.

liquidation removed and the company left with a viable future.

said yesterday. Now, he thought it best to await the outcome of the rights issue.

Hazlewood purchase

Hazlewood Foods, the fast-growing foods group, has made another acquisition in Europe. The company is buying Belgaprairie, a Belgian chocolate manufacturer, for £24.5m (£26.8m).

MTM pays £5.5m in agrochemical deal

By Fiona Thompson

MTM, the speciality chemicals manufacturer, is to acquire JD Campbell & Sons, a leading producer of agrochemicals.

ucts, manufacturing a range of insecticides, fungicides and herbicides which are sold worldwide.

Blue Arrow postpones full year figures

By Philip Coggan

BLUE ARROW yesterday postponed the announcement of its preliminary results for a week until February 7.

EFT acting chairman resigns

By James Sutton

MR HUGH Barry, one of the two leading figures in EFT, the Edinburgh-based financial services company formerly known as Edinburgh Financial Trust, resigned yesterday.

Grossart, Mr Barry created EFT in its present form following a battle for control of Edinburgh Financial Trust in late 1986 and early 1987.

chairman of EFT. He said he was retaining his beneficial interest in 835,000 EFT shares for the foreseeable future.

Guinness Mahon - busy building businesses

Leasecontracts plc
£12,000,000
Hire Purchase Facility
Arranged by Guinness Mahon & Co. Limited

THE MORTGAGE HOME LIMITED
£70,000,000
Transferable Loan Facility
Arranged by Guinness Mahon & Co. Limited

PEMBROKE
£5,400,000
Non-Recourse Loan Facility
for site acquisition for a major town centre retail scheme in Lincoln
Arranged by Guinness Mahon & Co. Limited

Production Finance provided for THE LEMON SISTERS
Lightyear Entertainment L.P.
Guinness Mahon & Co. Limited
Pierson, Heidring & Pierson N.V.

Guinness Mahon & Co. Limited
are pleased to announce that they have been appointed Merchant Bank Advisers to TYNE AND WEAR DEVELOPMENT CORPORATION

Kestrel Contracts & Leasing Ltd.
£12,000,000
Revolving Credit Facility
Arranged by Guinness Mahon & Co. Limited

Guinness Mahon & Co. Limited 32 St. Mary at Hill, London EC3P 3AJ Tel: 01-623 9333 Fax: 01-283 4811 Telex: 884035

UK COMPANY NEWS

Strong's Pittard stake raised to 5.3%

By Nikki Tall
STRONG & FISHER has raised its stake in Pittard Garment to 5.3 per cent...

Sullivan kicks off move into big-league newspaper publishing

Raymond Snoddy on the publisher's interest in P&S newspapers

MR DAVID SULLIVAN is irredeemably known as the publisher of "girls" magazines...



David Sullivan: would like seat on board



He believes that Portsmouth and Sunderland could be worth closer to £100m than its present valuation of about £35m...

S&N waits for DTI decision on share deal

By Lisa Wood
SCOTTISH & Newcastle Breweries has not yet been informed by the Department of Trade and Industry...

Jas Halstead buys Driza-Bone range

By Chris Sherwell in Sydney and Ray Bashford in London

JAMES HALSTEAD, the Manchester-based polymer products company, has snapped up the Australian maker of the Driza-Bone waterproof clothing range...

US expansion for Wace

By Andrew Hill

WACE GROUP, the expanding pre-press services company, has made its second acquisition in the US...

Initialy, Wace will pay £1.9m for three London-based companies - Character, an artwork studio, Diagraphic, a magazine typesetter, and Universe, which typesets financial documents...

Interim slip leaves profit at £422,000

TEXTURED Jersey, the maker of knitted jersey fabric, saw pre-tax profits slip from £505,000 to £422,000 in the six months to the end of October...

Turnover was up at £11.96m (£10.35m) as were interest charges at £182,000 (£122,000)...

NAV recovery continues

Continental Assets Trust, the investment trust, reported undiluted net asset value of 119p at December 31 1988, compared with 84.5p a year earlier...

News Digest

106.6p (143.8p for June 30 1987) basic and 105.5p (136.4p) fully diluted...

CAULDON GROUP First full year brings profits

Cauldon Group, the specialist tool maker and engineer, reported taxable profits of £271,000 for the 12 months to end-September 1988...

MINTY Disappointing first half

Minty, the furniture maker, yesterday revealed that it had received a number of approaches which might lead to the sale of its manufacturing businesses...

DERBY TRUST Revenue and earnings up

Net earnings per income share of Derby Trust, a split capital investment trust, worked through at 11.82p (10.84p) in the 12 months to end-1988...

ASSOC NURSING Second half confidence

Associated Nursing Services, the USM-quoted homes for the elderly group, lifted pre-tax profits from £213,000 to £273,000 in the 28 weeks to October 15 1988...

MITSUI FINANCE ASIA LIMITED

Guaranteed Floating Rate Notes 1997
In accordance with the provisions of the Notes, notice is hereby given that for the three month period...

compagnie bancaire

¥10,000,000,000
Floating Rate Notes Due 1995
In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 3rd February, 1989 to 3rd August, 1989...

WM SOMMERVILLE Maintenance hits profits

Exceptional maintenance cut taxable profits at William Sommersville, a paper maker, from £415,000 to £330,000 in the six months to end-November 1988...

NORBAIN ELECT Static profits, lower turnover

Norbain Electronics remained almost static in the six months to October 30, with pre-tax profits at £22,000, up from £20,000...

WELLS FARGO & COMPANY

U.S. \$200,000,000
Floating Rate Subordinated Notes due 2000
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 31 1989 to February 28 1989...

THE REPUBLIC OF ITALY

U.S. \$500,000,000
Floating Rate Notes due 2005
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 31 1989 to February 28 1989...

WELLS FARGO & COMPANY

U.S. \$100,000,000
Floating Rate Participation Certificates Due 1992
issued by Morgan Guaranty GmbH for the purpose of making a loan to
Istituto per lo Sviluppo Economico dell'Italia Meridionale

Large advertisement for T.C. ZIRAAT BANKASI featuring the headline 'We are 125 years old. And still growing strong.' and details about the bank's services and branches.

Table with columns for BOARD MEETINGS and FUTURE DATES, listing various companies and their meeting dates.

Advertisement for IMPERIAL COLLEGE THE MASTER'S PROGRAMME A LIFETIME INVESTMENT, detailing the program's focus on management and innovation.

Advertisement for WELLS FARGO & COMPANY featuring floating rate notes and certificates, and an advertisement for IBSWEIMER U.S. \$100,000,000 Floating Rate Participation Certificates.

TECHNOLOGY

A colour ribbon that leads to picture quality

David Fishlock explains how ICI scientists combined skills to create a product for electronic printing

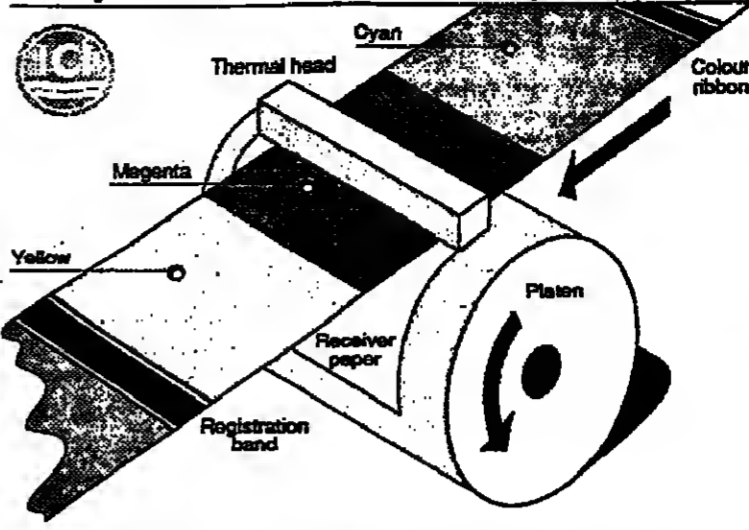
How do you capture a colour picture faithfully from an electronic signal? That was the challenge ICI scientists, then working in data storage and retrieval, set themselves in the early 1980s.

The field ICI's invention - called dye diffusion thermal transfer (D2T2) for short - is designed to complement and enhance the Hitachi equipment. ICI has applied electro-optic technology, which has characteristics of both printing and photography, to produce "almost photographic quality prints," explains Barlow.

So high is the quality of the picture produced by Hitachi using D2T2, he says, "we have trouble persuading people it is not a true photograph but an electronic image."

From the organic chemists of the former dyestuffs division came a matching set of three heat-sensitive dyes. These are dispersed molecularly in the colour ribbon, which remains transparent like multi-coloured cellophane. Each dye molecule is free to move independently under the influence of heat and pressure.

The dye diffusion thermal transfer (D2T2) process



dye molecules were turning straight from solid to vapour in a process known as sublimation. In fact, the dye molecules were passing through the various plastic layers by diffusion. To follow events, the team engaged the expertise of Birmingham University in thermal microscopy.

By 1987, they were arousing tremendous excitement among the supplier of electronic printing systems with the "almost photographic" quality of their prints, says Barlow. He contends that the outcome is scientifically sophisticated but mechanically much simpler than other electronic printing processes, which need transfer elements - such as ink jets - which may clog up.

At present it takes about 80 seconds to make a print by D2T2 technology. But the ICI team expects this to drop substantially as transfer technology advances, for example, by using lasers instead of thermal printing heads.

Where necessity is the mother of inventions which have a market

Richard Donkin looks into the motivation which helped produce the winners in the 1989 British Design Awards

Ben Harris had a problem. As chairman of a company specialising in group photographs, mainly of schools, he had to send out lorry-loads of wooden staging with a team of workers to set up the seating for a party of 500 people.

For Rex Wilson, chairman of WTC, of Wigan, the problem was more one of survival. In the 1970s he had been making a living importing and distributing US-made welding equipment. But the fall in the pound against the dollar priced him out of the market.

Wilson's air plasma cutting torch uses compressed air, which dispenses with water cooling and expensive gases, and makes the machine smaller and easier to carry. The air plasma torch can cut ferrous metals and work at higher temperatures, avoiding the problem of alloy distortion.

Working from his Cambridge bedroom, his company, Toby Churchill Ltd, which consists of himself and a development team of three, has created the Lightwriter SL1 (local equipment category). This compact communication aid, smaller than a lap-top computer, is shaped like a roof-top with sides of unequal length. On the long side, facing the user, there is a small keyboard and screen and on the other is another screen which repeats the message to the reader.

Churchill has sold 380 Lightwriter SL1s at £282 each. He says it is typical of the type of product which cannot interest large-scale producers because they see it as having limited sales potential.

Like many of the successful entrants, Churchill engaged an industrial design consultancy to ensure that the finished article achieved the appearance of a mainstream consumer product.

The use of a design consultancy also paid dividends for ITM, of Aldershot, a manufacturer of audio-visual equipment, which engaged the PDD consultancy in Fulham to help develop a projection screen called Dehtascreen (contract goods category).

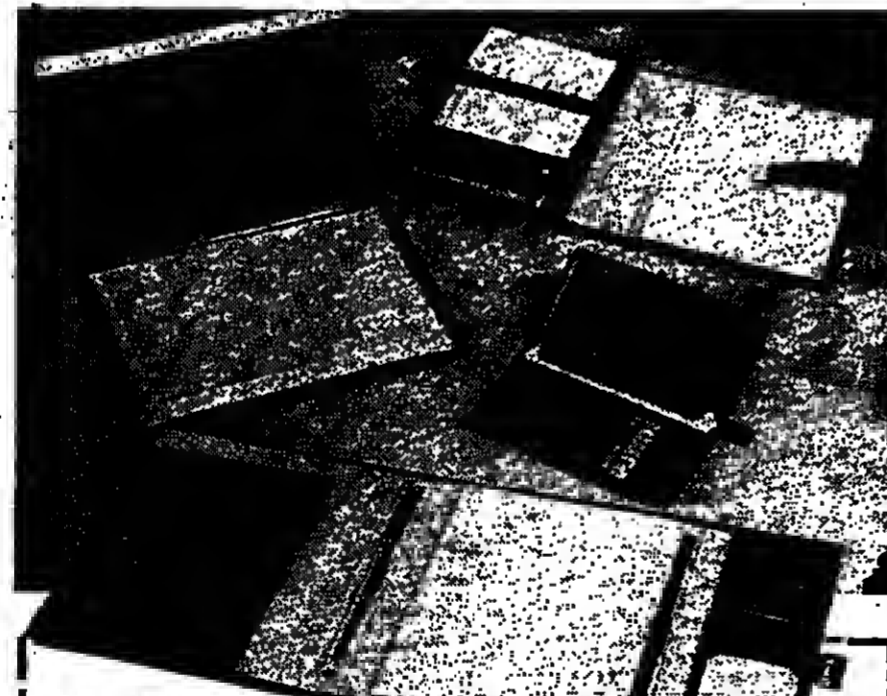
Consumer goods category: Nauman, of Portsmouth, for the Austin electronic hand bearing compass, engineering products: Wilson Design, of Stevenage, for its 30-employee operation to premises twice the size of the original site.

FT ESSENTIALS... A LITTLE LUXURY YOUR BUSINESS CAN AFFORD.

This new exclusive collection could only have come from the FT. Everything is designed to help you work more effectively. Every item is made in FT-quality, market value and is available either in rough, handwoven leather or a superior imitation with the look and feel of real leather. So all looks and budgets are covered.

Essential for the business person on the move, the FT Travel Organizer contains everything you need - all in one place. Perfect for travellers' cheques, airline tickets and currency; sections for your passport and check book. This ring binder is filled with a detachable wallet with space for currency and credit cards - as well as a zip-up pouch for collars, handkerchiefs, and travel kit.

Essential for the business person on the move, the FT Travel Organizer contains everything you need - all in one place. Perfect for travellers' cheques, airline tickets and currency; sections for your passport and check book. This ring binder is filled with a detachable wallet with space for currency and credit cards - as well as a zip-up pouch for collars, handkerchiefs, and travel kit.



ORDER FORM section with fields for name, address, telephone, and a table of products and prices.

CANADA-UK MARKETPLACE '89 FOR INFORMATION TECHNOLOGY. A marketplace for over 40 Canadian hi-tech companies seeking British partners for joint ventures, licensing, distributorships, agency arrangements and sales.

Manchester Business School THE SENIOR EXECUTIVE COURSE. An intensive three-week programme for members of an organisation's top executive team. STRATEGY * ORGANISATION FINANCE * MARKETING.

Biotechnology Park Consultancy Study. CALL FOR EXPRESSIONS OF INTEREST. The Government of the State of Western Australia is redeveloping the Coogee Special Industrial Area to the South of the Capital City, Perth.

GILT EDGED GIFTS FROM THE FINANCIAL TIMES. The FT Collection - A TRADITION OF EXCELLENCE. Includes items like the FT Wall Calendar, FT Desk Organizer, and FT Briefcase.

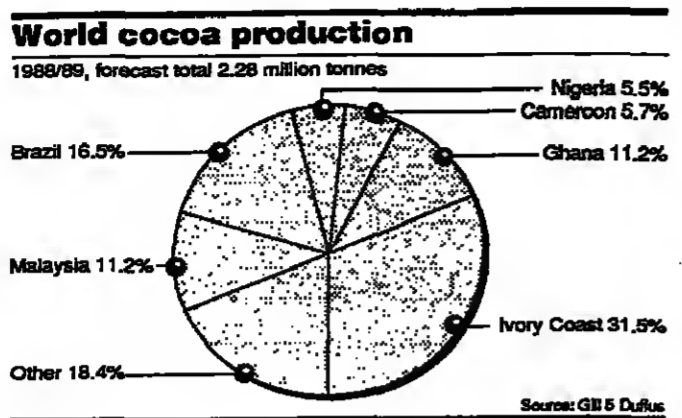
FT Business Information Ltd. Registered Office: Ruckers House, 10 Cannon Street, London EC4A 3DF.

COMMODITIES AND AGRICULTURE

No meeting of minds at cocoa pact talks

David Blackwell on the yawning gap between producers and consumers

ALMOST THREE years ago cocoa prices fell sharply to £1,509 a tonne on news that the Ivory Coast would not join the new cocoa agreement...



World cocoa production 1988/89, forecast total 2.28 million tonnes. Source: IFCO

recently around \$280 a tonne. At the end of last week the ICO 10-day average indicator stood at 1,071.28 Special Drawing Rights (SDRs). But at the ICO talks producers refused to countenance a cut of 115 SDRs a tonne in the defence price range to between 1,370 and 2,040 SDRs a tonne.

quality, but the meeting did not approve a budget for rotation. The consumers now say that he is obliged to rotate in any case, while the producers disagree.

Producers were also keen to get on with the withholding scheme, supposed to be the next level of defence stock with the buffer stock was complete. They were willing to store up to 120,000 tonnes of cocoa under the scheme at their own expense - estimated at \$15.5m for a full year.

NZ wool sales hit by supply shortages

By Dal Hayward in Wellington

A SHORTAGE of offerings has forced the cancellation of two February wool auctions in the North Island of New Zealand with another March auction delayed in the hope that more wool will come forward.

A big drop in the national sheep flock - the result of the severe South Island drought - and changed shearing patterns because of weather, have created the shortage. All fine wools were sold by mid-December.

Gold comes under further pressure

By Kenneth Gooding, Mining Correspondent

GOLD BULLION, which fell through the psychologically important \$400 a troy ounce barrier again on Friday, continued its decline yesterday and some dealers suggested the price might test \$385 before long.

There were also estimates about gold imports by the world's two biggest bullion buyers. These suggested that official gold imports to Taiwan this year might drop by 20 per cent from the 1988 record of 354.7 tonnes (11.4m ounces) but that Japan's imports could jump by 5 to 10 per cent to about 325 tonnes (10.4m ounces).

According to Mr Nicholas "Taiwan's central bank made headlines as perhaps the single biggest buyer of 1988. This year it is likely to continue adding to its official gold reserves, but discreetly in a manner which will attract as little notice as possible. Private-sector gold interest, however, will probably continue to expand throughout the year ahead."

Dealers said the main influence was the firmer dollar, which was above the important 130 yen level for the first time since early October. "The dollar is keeping precious metals under pressure, particularly as there was no sign of central bank intervention," one dealer suggested.

Dairying fares best as overall incomes slide steeply

Bridget Bloom studies official figures showing wide variations between agricultural sectors

BRITAIN'S FARM incomes fell by a dramatic 25 per cent last year although official figures published yesterday show marked variations between sectors. Dairy incomes rose by a healthy 25 per cent but incomes from arable farming and from pigs and poultry fell to record low levels.

single indicator of income can provide a complete picture of the way Britain's farms have fared in the recent years, faced with three poor harvests out of four and the continuing reforms of the European Community's common agricultural policy which are cutting back farm gate prices in an effort to pare production and so budget-ary costs.

terms of 1983-88 as the base year (1982-83 = 100). UK dairy farmers are shown at 130, livestock farmers in hill areas, 125; cereals, -10; and pigs and poultry, -60. In real terms (deflated by the retail price index) these figures become: dairy, 100; hill livestock, 95; cereals, -5; and pigs and poultry, -45.

In broad terms these figures provide proof that while production quotas on milk have enabled dairy farmers to rationalise their businesses and improve their incomes, and high support levels from Brussels have maintained incomes in "least favoured" hill areas, the combination of poor harvests and the Brussels farm reforms has hit cereal farmers hard.

in the calculations which produced yesterday's income figures. (Interestingly however, the number of actual farm holdings in Britain is shown as having increased to 252,400 in 1988 compared to 252,100 in 1984, principally because of a rise in the number of very small holdings from 102,700 to 113,300.)

company, which employs 12,000 miners in 17 districts, reached a settlement on January 26 after four weeks of arduous discussion. But the 60,000 strong national confederation has continued to push its nationwide claims in parallel, so that there have been two tracks of negotiation.

WORLD COMMODITIES PRICES

Table containing multiple sections of commodity prices: LONDON METAL PRICES, COCOA, SOYABEAN MEAL, RUBBER, SUGAR, POTATOES, LONDON BULLION MARKET, US MARKETS, CRUDE OIL, CHICAGO, NEW YORK, and various other market data.

LONDON STOCK EXCHANGE

Renewed buying drives equities ahead

THE UK equity market surprised even its own pundits yesterday by continuing its upward surge in heavy trading. At one time, the FT-SE Index climbed above the level last seen at the close of the first day of the October 1987 Crash, but it was cut back sharply towards the close when Wall Street lost its shine in early dealings.

Account Opening Dates table with columns for Date, Time, and Location.

Friday with a 27 point premium, and has been leading the equity market throughout its recent trading. The FT-SE Index itself closed a further 37 points up at 2042.5, still some way short of the 2001.9 close on the eve of the 1987 Crash; but the Footsie touched 2027.7 yesterday, hitting into Black Monday's 250 point loss. Some trading volume of 1.1bn shares at 5.00pm was running close behind previous record levels recorded on Friday.

The market opened quietly as the new trading Account got under way. Wall Street's powerful performance on Friday was offset by warnings from the UK weekend press that London equities might hold over this week. However, shortly after the first calculation of the FT-SE Index, UK institutional buyers appeared and substantial gains were swiftly chalked up by leading stocks.

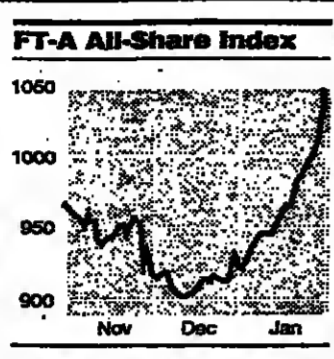
were scored by Glaxo, Bechem and ICI, but these were trimmed sharply when the market reacted to Wall Street's unexpected opening. Although most of yesterday's buying came from domestic institutions, there were hopeful references from traders with long memories to an impending "wall of money from Japan". Such comments were not taken too seriously by international traders, however, who said that the UK institutions were following a lead given some weeks ago by fund managers from Continental Europe who saw London as cheap against the German and French equity sectors.

FINANCIAL TIMES STOCK INDICES table with columns for Index Name, Jan 30, Jan 27, Jan 26, Jan 25, Jan 24, Jan 23, Year Ago, High, Low, Since Completion.

S.E. ACTIVITY table with columns for Index Name, Jan 27, Jan 26, Jan 25, Jan 24, Jan 23.

Ultramar mystery deepens

Ultramar, the UK independent oil and gas group, settled a couple of pence harder at 310p on a sharply increased turnover of 11m shares after the company said it would "strongly resist any bid proposal which did not fully reflect the value of its assets and prospects."



which added 15 at 50p. Gerard & National and Cater Allen edged up 5 pence at 202p and 30p, respectively. The insurance sectors drew persistent and strong support throughout the day, the big winners in life were Prudential, where dealers noted plenty of buying from small investors; the shares raced up 7 1/2 to 180 1/2p on turnover of 7.7m shares.

shares changed hands. A press report suggesting the price was top-heavy did some of the damage, said dealers, while the stores team at Swiss Bank Stock Exchange was advised all attempts to take profits in the stock following the recent good run.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock Name, Value, Qty, Buy, Sell, and other trading metrics.

BOC supported

One of the day's strongest performances came from BOC, the industrial gases group, as two leading securities houses recommended the shares ahead of Friday's announcement of first quarter trading results. Both Nomura Research and Barclays de Zoete Wedd (BZW) expect the first three months to point the way for an 11 per cent gain in profits to around £35m pre-tax for the year to September 1988.

Doubts over Century

Shares of Century Oils, the Stoke-on-Trent-based, lubricants group, climbed to 218p at one point, before slipping back to end an extremely active session a net 12 higher at 213p, with the late decline said to have reflected doubts over the chances of a full bid for Century.

NEW HIGHS AND LOWS FOR 1988/89

- List of new highs and lows for 1988/89, including companies like Anglo American, British Petroleum, and others.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Chairman of Sharpe and Fisher

On February 1 Mr Charles Fisher will succeed Mr Roy Springer as chairman of the board of SHARPE AND FISHER. Mr Fisher will retain his responsibilities as group chief executive. Mr Henry Shouler, a non-executive director of the Sharpe and Fisher Group, will be appointed a non-executive deputy chairman from the same date. Mr Shouler was formerly chief executive of Olders Holdings.

Appointments

appointments in its marine division. Mr D.G.T. Adams, Mr A.R. McKelvey, Mr A.C. Pitt and Mr P.J. Walpole have been appointed executive directors. Mr D.D. Cole, Mr A.J.H. Dunn, Mr J.P.C. Stack, Mr P.C. Teuten, Mr E.A.K. Turbett, Mr K.V. White and Mr G. Prior have been made directors.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Correction

Correction: Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March 5. Mr Richard Martin, vice chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex.

Subscribe now to the Business Highlights of 1989. Advertisement for BUSINESS magazine with details on subscription and content.

Form for requesting BUSINESS magazine issues and Top 1000 list. Includes fields for name, address, and contact information.

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-923-2128

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Income, Abbey Growth, etc., with columns for Name, Class, and Price.

Table listing unit trusts under the heading 'Bryant Unit Trust', including Bryant Income, Bryant Growth, etc.

Table listing unit trusts under the heading 'Dunstable Unit Trusts', including Dunstable Income, Dunstable Growth, etc.

Table listing unit trusts under the heading 'Lloyds Bank Unit Trusts', including Lloyds Income, Lloyds Growth, etc.

Table listing unit trusts under the heading 'Merrill Lynch Unit Trusts', including Merrill Income, Merrill Growth, etc.

Table listing unit trusts under the heading 'Prudential Unit Trusts', including Prudential Income, Prudential Growth, etc.

Table listing unit trusts under the heading 'Scottish Widows Unit Trusts', including Scottish Widows Income, Scottish Widows Growth, etc.

Table listing unit trusts under the heading 'Standard Life Unit Trusts', including Standard Life Income, Standard Life Growth, etc.

Table listing unit trusts under the heading 'Abn-Am Management Unit Trusts', including Abn-Am Income, Abn-Am Growth, etc.

Table listing unit trusts under the heading 'CS Fund Managers Unit Trusts', including CS Fund Income, CS Fund Growth, etc.

Table listing unit trusts under the heading 'Ender Fund Managers Unit Trusts', including Ender Fund Income, Ender Fund Growth, etc.

Table listing unit trusts under the heading 'Gerrard Managers Unit Trusts', including Gerrard Income, Gerrard Growth, etc.

Table listing unit trusts under the heading 'London & Manchester Unit Trusts', including London & Manchester Income, London & Manchester Growth, etc.

Table listing unit trusts under the heading 'M & S Securities Unit Trusts', including M & S Income, M & S Growth, etc.

Table listing unit trusts under the heading 'N.M. Rothschild Unit Trusts', including N.M. Rothschild Income, N.M. Rothschild Growth, etc.

Table listing unit trusts under the heading 'Royal Bank of Canada Unit Trusts', including Royal Bank Income, Royal Bank Growth, etc.

Table listing unit trusts under the heading 'Aberdeen Unit Trusts', including Aberdeen Income, Aberdeen Growth, etc.

Table listing unit trusts under the heading 'AEGON Unit Trusts', including AEGON Income, AEGON Growth, etc.

Table listing unit trusts under the heading 'AIG Unit Trusts', including AIG Income, AIG Growth, etc.

Table listing unit trusts under the heading 'Aon Unit Trusts', including Aon Income, Aon Growth, etc.

Table listing unit trusts under the heading 'Axa Unit Trusts', including Axa Income, Axa Growth, etc.

Table listing unit trusts under the heading 'Banco Unit Trusts', including Banco Income, Banco Growth, etc.

Table listing unit trusts under the heading 'Bankers Unit Trusts', including Bankers Income, Bankers Growth, etc.

Table listing unit trusts under the heading 'Bank of Montreal Unit Trusts', including Bank of Montreal Income, Bank of Montreal Growth, etc.

Table listing unit trusts under the heading 'Barclays Unit Trusts', including Barclays Income, Barclays Growth, etc.

Table listing unit trusts under the heading 'Banco de Portugal Unit Trusts', including Banco de Portugal Income, Banco de Portugal Growth, etc.

Table listing unit trusts under the heading 'Bank of Scotland Unit Trusts', including Bank of Scotland Income, Bank of Scotland Growth, etc.

Table listing unit trusts under the heading 'Bank of South Africa Unit Trusts', including Bank of South Africa Income, Bank of South Africa Growth, etc.

Table listing unit trusts under the heading 'Bank of Tokyo-Mitsubishi Unit Trusts', including Bank of Tokyo-Mitsubishi Income, Bank of Tokyo-Mitsubishi Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of Zambia Unit Trusts', including Bank of Zambia Income, Bank of Zambia Growth, etc.

Table listing unit trusts under the heading 'Bank of Zimbabwe Unit Trusts', including Bank of Zimbabwe Income, Bank of Zimbabwe Growth, etc.

Table listing unit trusts under the heading 'Bank of Canada Unit Trusts', including Bank of Canada Income, Bank of Canada Growth, etc.

Table listing unit trusts under the heading 'Bank of China Unit Trusts', including Bank of China Income, Bank of China Growth, etc.

Table listing unit trusts under the heading 'Bank of India Unit Trusts', including Bank of India Income, Bank of India Growth, etc.

Table listing unit trusts under the heading 'Bank of Japan Unit Trusts', including Bank of Japan Income, Bank of Japan Growth, etc.

Table listing unit trusts under the heading 'Bank of Korea Unit Trusts', including Bank of Korea Income, Bank of Korea Growth, etc.

Table listing unit trusts under the heading 'Bank of Mexico Unit Trusts', including Bank of Mexico Income, Bank of Mexico Growth, etc.

Table listing unit trusts under the heading 'Bank of New Zealand Unit Trusts', including Bank of New Zealand Income, Bank of New Zealand Growth, etc.

Table listing unit trusts under the heading 'Bank of Norway Unit Trusts', including Bank of Norway Income, Bank of Norway Growth, etc.

Table listing unit trusts under the heading 'Bank of Oman Unit Trusts', including Bank of Oman Income, Bank of Oman Growth, etc.

Table listing unit trusts under the heading 'Bank of Pakistan Unit Trusts', including Bank of Pakistan Income, Bank of Pakistan Growth, etc.

Table listing unit trusts under the heading 'Bank of Peru Unit Trusts', including Bank of Peru Income, Bank of Peru Growth, etc.

Table listing unit trusts under the heading 'Bank of Philippines Unit Trusts', including Bank of Philippines Income, Bank of Philippines Growth, etc.

Table listing unit trusts under the heading 'Bank of Singapore Unit Trusts', including Bank of Singapore Income, Bank of Singapore Growth, etc.

Table listing unit trusts under the heading 'Bank of South Korea Unit Trusts', including Bank of South Korea Income, Bank of South Korea Growth, etc.

Table listing unit trusts under the heading 'Bank of Sri Lanka Unit Trusts', including Bank of Sri Lanka Income, Bank of Sri Lanka Growth, etc.

Table listing unit trusts under the heading 'Bank of Taiwan Unit Trusts', including Bank of Taiwan Income, Bank of Taiwan Growth, etc.

Table listing unit trusts under the heading 'Bank of Thailand Unit Trusts', including Bank of Thailand Income, Bank of Thailand Growth, etc.

Table listing unit trusts under the heading 'Bank of United Kingdom Unit Trusts', including Bank of United Kingdom Income, Bank of United Kingdom Growth, etc.

Table listing unit trusts under the heading 'Bank of United States Unit Trusts', including Bank of United States Income, Bank of United States Growth, etc.

Table listing unit trusts under the heading 'Bank of Vietnam Unit Trusts', including Bank of Vietnam Income, Bank of Vietnam Growth, etc.

Table listing unit trusts under the heading 'Bank of West Germany Unit Trusts', including Bank of West Germany Income, Bank of West Germany Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Africa Unit Trusts', including Bank of West Africa Income, Bank of West Africa Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

Table listing unit trusts under the heading 'Bank of West Indies Unit Trusts', including Bank of West Indies Income, Bank of West Indies Growth, etc.

GUIDE TO UNIT TRUST PRICING. This section explains the pricing mechanism for unit trusts, including how the price is determined by the fund manager and how it is affected by market conditions. It also provides information on how to obtain more details about unit trusts.

Handwritten text at the bottom of the page, possibly a signature or a note.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2128

Main table of Unit Trust Information Service listing various trusts such as Waverley Unit Trust, Waverley Unit Trust, Waverley Unit Trust, etc. with columns for Name, Type, and Price.

INSURANCES

Table of Insurance products including AA Priority Society, Abbey Life Assurance Co Ltd, and others, listing policy details and prices.

Continued on next page

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-225-2128

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY AUTHORIZED'.

Handwritten text at the bottom of the page: "مركز الاستثمار"

FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, including columns for fund names, managers, and performance metrics.

LONDON SHARE SERVICE

Table containing London Share Service data, including sections for British Funds, Foreign Bonds & Rails, and Americans.

Table containing Money Market Trust Funds and Money Market Bank Accounts data, including various fund names and their respective values.

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-625-2128

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

BUILDING, TIMBER, ROADS - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

ELECTRICALS Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

ENGINEERING - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

CANADIANS Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

BANKS, HP & LEASING Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

CHEMICALS, PLASTICS Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

FOOD, GROCERIES, ETC Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

BEERS, WINES & SPIRITS Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

DRAPERY AND STORES Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

ENGINEERING Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

BUILDING, TIMBER, ROADS Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

BUILDING, TIMBER, ROADS Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

INDUSTRIALS (Misc.) Table with columns: Stock, Price, % Chg, Bid, Offer, High, Low, P/E, Div, Yield.

Handwritten text at the bottom of the page.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE - Contd. Table listing various leisure companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TEXTILES - Contd. Table listing textile companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OIL AND GAS - Contd. Table listing oil and gas companies with columns for Stock, Price, and % Change.

MINES - Contd. Table listing mining companies with columns for Stock, Price, and % Change.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TOBACCO. Table listing tobacco companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OVERSEAS TRADERS. Table listing overseas traders with columns for Stock, Price, and % Change.

MISCELLANEOUS. Table listing miscellaneous companies with columns for Stock, Price, and % Change.

COMMERCIAL VEHICLES. Table listing commercial vehicle companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

PLANTATIONS. Table listing plantation companies with columns for Stock, Price, and % Change.

THIRD MARKET. Table listing third market companies with columns for Stock, Price, and % Change.

NOTES. Table listing notes with columns for Stock, Price, and % Change.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publisher companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

MINES. Table listing mining companies with columns for Stock, Price, and % Change.

DIAMOND AND PLATINUM. Table listing diamond and platinum companies with columns for Stock, Price, and % Change.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks with columns for Stock, Price, and % Change.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OIL AND GAS. Table listing oil and gas companies with columns for Stock, Price, and % Change.

FINANCE. Table listing finance companies with columns for Stock, Price, and % Change.

TRADITIONAL OPTIONS. Table listing traditional options with columns for Stock, Price, and % Change.

SHOES AND LEATHER. Table listing shoes and leather companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OIL AND GAS. Table listing oil and gas companies with columns for Stock, Price, and % Change.

FINANCE. Table listing finance companies with columns for Stock, Price, and % Change.

TRADITIONAL OPTIONS. Table listing traditional options with columns for Stock, Price, and % Change.

SOUTH AFRICANS. Table listing South African companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OIL AND GAS. Table listing oil and gas companies with columns for Stock, Price, and % Change.

FINANCE. Table listing finance companies with columns for Stock, Price, and % Change.

TRADITIONAL OPTIONS. Table listing traditional options with columns for Stock, Price, and % Change.

TEXTILES. Table listing textile companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OIL AND GAS. Table listing oil and gas companies with columns for Stock, Price, and % Change.

FINANCE. Table listing finance companies with columns for Stock, Price, and % Change.

TRADITIONAL OPTIONS. Table listing traditional options with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

OIL AND GAS. Table listing oil and gas companies with columns for Stock, Price, and % Change.

FINANCE. Table listing finance companies with columns for Stock, Price, and % Change.

TRADITIONAL OPTIONS. Table listing traditional options with columns for Stock, Price, and % Change.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen attracts attention

ATTENTION TURNED towards the dollar's value against the yen yesterday, after a period when the foreign exchange has focused much more on the D-Mark than the Japanese currency.

Bush will reduce the US budget deficit. The main indication on the economy this week is likely to come from Friday's January US employment data.

England figures, rose to 67.4 from 67.3. The peak reached against the D-Mark was DM1,670, where trading lacked the momentum to push higher.

STERLING BASED financial futures finished towards the day's lows in Liffe trading yesterday as the euphoria generated by the lower than expected December trade deficit wore thin.

Friday was generally regarded as being overdone in the main. Investors and analysts alike are not looking for a reduction in bank base rates before the UK Budget in March, and Friday's closing level - which discounted a half point cut - proved to be unsustainable.

level of 87.46 to close at 87.25, down from 87.48 on Friday. Volume yesterday of just over 13,000 lots traded is down from the levels touched towards the end of last week when values were pushed firmer.

Dealers in Tokyo suggested Y132.00 and DM1,880.00 as a short term target. But after making an upward run in the Far East the dollar was pulled back by profit taking in Europe.

After failing to sustain early gains the dollar closed near the day's lows, but held above support levels of Y129.30 and DM1,850. It fell to DM1,885 from DM1,862.5, to SF1,579 from SF1,586.5, and to FF6,320 from FF6,335, but rose to Y132.50 from Y129.15.

In early London trading sterling was pulled higher against European currencies by a firm dollar, rising above DM3,280, but as the dollar retreated, the pound fell back to finish unchanged at DM3,270.

The sharp improvement on the contract fell from an opening level of 87.46 to close at 87.25, down from 87.48 on Friday.

Consequently, the March contract fell from an opening level of 87.46 to close at 87.25, down from 87.48 on Friday.

level of 87.46 to close at 87.25, down from 87.48 on Friday. Volume yesterday of just over 13,000 lots traded is down from the levels touched towards the end of last week when values were pushed firmer.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, % change, % change divergence, Diversion Unit. Includes Belgium, France, Germany, Italy, Netherlands, etc.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Jan 30, Day's rate, One month, Three months, Six months. Includes US, UK, West Germany, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Jan 30, Day's rate, One month, Three months, Six months. Includes UK, West Germany, France, etc.

EURO CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate, % change. Includes Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Jan 30, S, D, DM, Yen, F.Fr., S.Fr., H.Fr., Lin, C.S., B.Fr. Includes Sterling, US Dollar, etc.

CURRENCY RATES

Table with columns: Jan 30, Bank rate, Special, European Currency Unit. Includes Sterling, US Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: Jan 30, Bank of England, Market, Change. Includes Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Jan 30, S, D, DM, Yen, F.Fr., S.Fr., H.Fr., Lin, C.S., B.Fr. Includes Argentina, Brazil, etc.

FINANCIAL FUTURES

Bullish tone runs out of steam

STERLING BASED financial futures finished towards the day's lows in Liffe trading yesterday as the euphoria generated by the lower than expected December trade deficit wore thin.

Friday was generally regarded as being overdone in the main. Investors and analysts alike are not looking for a reduction in bank base rates before the UK Budget in March, and Friday's closing level - which discounted a half point cut - proved to be unsustainable.

The sharp improvement on the contract fell from an opening level of 87.46 to close at 87.25, down from 87.48 on Friday.

Consequently, the March contract fell from an opening level of 87.46 to close at 87.25, down from 87.48 on Friday.

MONEY MARKETS

Longer rates easier

LONGER TERM rates continued to show a softer bias in the London money market yesterday. The strength of sterling and a smaller than expected December trade deficit have reinforced the view that bank base rates will be reduced later this year, and one-year interbank money fell to 12 1/2 per cent from 12 3/4 per cent on Friday.

shortage of around \$500m, and the Bank gave assistance in the morning of \$254m through outright purchases of £10m of local authority bills and \$25m of eligible bank bills in band 1, and in band 2 £10m of eligible bank bills, in band 3 £10m of local authority bills, and in band 4 £21m, all at unchanged rates.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. Jan 30, 3 months US dollars, 6 months US dollar. Includes 1M, 3M, 6M, 9M, 12M.

MONEY RATES

Table with columns: New York, Treasury Bills and Bonds. Includes 1M, 3M, 6M, 9M, 12M.

LONDON MONEY RATES

Table with columns: Jan 30, Overnight, One Month, Three Months, Six Months, One Year. Includes Interbank Offer, etc.

BASE LENDING RATES

Table with columns: Bank, Rate. Includes AIB, Abbey, AIB, etc.

COMPANY NOTICE

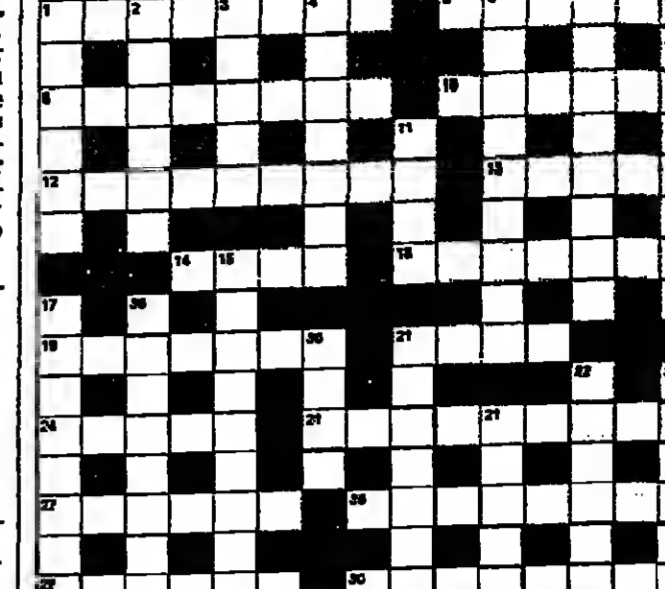
AITP FINANCE N.V. US \$15 MILLION GUARANTEED FLOATING RATE NOTES 1989. The interest rate applicable to the above notes is 10% per annum.

CLUBS

CLUBS. GVE has outlined the criteria because of a policy on fair play and value for money.

CROSSWORD

No.6,848 Set by VIXEN



1 After a church service the elderly created friction (8). 2 Innate ability to make money (6). 3 Retiring assistant people manager (8).

JOTTER PAD

FORM OF ADVERTISEMENT. PERMANENT VENTILATION FANS AND ASSOCIATED EQUIPMENT FOR THE CHANNEL TUNNEL PROJECT.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, Vol, Last, Vol, Last, Stock. Includes GOLD C, GOLD P, etc.

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE INVITATION TO TENDER

Tenders are invited for the urgent supply of 20,000 tonnes of soft wheat for the year 1988/89.

COMPANY NOTICE

AITP FINANCE N.V. US \$15 MILLION GUARANTEED FLOATING RATE NOTES 1989. The interest rate applicable to the above notes is 10% per annum.

3pm prices January 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for High, Low, Stock, Chg., Vol., and Close. Includes various stock listings such as AIG, AIA, AIB, etc.

